

English for Financial Literacy



Volume 3 CLB 6-8

A classroom resource for teaching
financial literacy topics to adult ESL learners
Canadian Language Benchmarks 1-8

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Instructor Guide

Welcome to *English for Financial Literacy*, an instructor's resource for teaching financial literacy concepts and skills in LINC and adult ESL programs at CLB levels 1 to 8. *English for Financial Literacy*. It complements a series of CIC-funded resources for LINC programming, including the *LINC 1–5 Curriculum Guidelines*, the *LINC 1–4 Classroom Activities*, the *LINC 5–7 Curriculum Guidelines*, the *LINC 5–7 Classroom Activities* and the *Citizenship Resource CLB 1–8*. The main objective of *English for Financial Literacy* is to help instructors incorporate financial literacy content into their program planning and teaching, and support them in learning about key topics and concepts related to financial matters.

The content of the *English for Financial Literacy* resource was specifically guided by the principles of methodology and thematic content of the *LINC 1–5 Curriculum Guidelines* and the *LINC 5–7 Curriculum Guidelines*. The resource provides ideas for curriculum content and sample reproducible activities that:

- are consistent with the Canadian Language Benchmarks 2012
- are relevant to the needs, goals and interests of newcomers to Ontario
- integrate the instruction of financial literacy concepts and skills with the English language instruction at CLB levels 1 to 8
- address numeracy skills pertinent to the specific financial literacy topics

The development of the resource was informed by:

- a review of literature on financial literacy, financial literacy instruction, and existing financial literacy curricula and resources
- a survey of the needs of LINC learners and instructors across Ontario
- consultations with an advisory committee comprising key stakeholder representatives and financial literacy experts
- field testing by instructors in a variety of LINC programs across Ontario
- critical reviews by adult ESL methodology and financial literacy experts

OVERVIEW OF THE RESOURCE

Organization

English for Financial Literacy is organized by CLB levels and consists of three volumes:

- Volume 1 is intended for learners at CLB 1–2 as well as ESL literacy learners.
- Volume 2 is intended for learners at CLB 3–5.
- Volume 3 is intended for learners at CLB 6–8.

Each volume is organized by themes and topics, following the organizing principle of the LINC 1–5 resources. There are five themes in each volume:

Banking and Personal Finance
Consumer Matters
Education
Employment
Housing

These themes are further divided into topics with planning tools and sets of activities designed around specific financial literacy outcomes. The topics vary from volume to volume; the selection of topics in each volume is determined by the language proficiency levels. The topics draw on the content ideas of the LINC themes and related financial concepts or skills. Consequently, the activities provide opportunities for practice in both language and financial literacy skills.

Each topic includes:

- **Learning Outcomes** with sample financial literacy and language outcomes. Financial literacy outcomes are divided into two groups: *Understanding and Knowledge* and *Application*. Language outcomes, based on CLB competency statements, are adjacent for easy reference. The selected sample outcomes can be used to plan a lesson or series of lessons around them.
- **Background Information and Key Language Elements.** This page provides key factual information on the topic as well as a sidebar with related level-appropriate language elements that can be taught: key vocabulary, collocations, abbreviations, possible grammar structures, and related skills and strategies. Instructors can use this page to inform themselves about the topic; they can also use the sidebar as the basis for developing their own activities, such as vocabulary practice exercises.
- Sets of reproducible **activity worksheets** preceded by **Teaching Notes.** The teaching notes are intended to help instructors plan and deliver the instruction; they offer listings of financial literacy outcomes pertinent to the specific activities/tasks and related CLB competencies. They also provide instructors with teaching ideas, ideas for extending the tasks, and Beyond the Classroom ideas, which offer guidance on how learners can extend what they've learned beyond the classroom and relate it to their personal goals and needs. The teaching notes also include answer keys and transcripts.
- Supplementary **numeracy worksheets.** These worksheets accompany sets of activities in Volume 1 and are designed to provide additional practice for learners who need it.

The activity worksheets are designed to address all four language skills, focusing on developing the language related to a given financial literacy concept. They can be used as they are, or adapted to suit a range of teaching and learning styles as well as learners' specific needs.

The reproducible sample activities of *English for Financial Literacy* are accompanied by online activities. These activities can supplement what is taught in the classroom and provide additional practice in language, numeracy and financial literacy skills. By using a different medium, these activities provide learners with independent learning practice. They can

be used to consolidate learning and provide simulations of situations where learners can practise their language skills.

Guiding principles

The content and methodology of *English for Financial Literacy* are founded on:

- the theory and principles of the Canadian Language Benchmarks
- the thematic content and skills specific to financial literacy
- a task-based approach of content-based instruction and Essential Skills

The resource is consistent with existing LINC documents in that it reflects the underlying principles of the Canadian Language Benchmarks:

- It facilitates the development of all five components of communicative proficiency (linguistic competence, textual competence, functional competence, socio-cultural competence and strategic competence) by ensuring that classroom tasks and activities are designed to include these components.
- It uses a task-based approach, where emphasis is on developing language skills in a variety of contexts through tasks that approximate real-world tasks and through the use of authentic texts where possible.
- It is learner-centred: learner needs, goals and interests are the focus of the program and determine its content.

English for Financial Literacy also draws on content areas and core financial literacy competencies that are listed in the section entitled *What is Financial Literacy?* The financial literacy competencies include prose literacy, document literacy, numeracy and problem-solving skills as well as oral fluency and confidence.

These skills relate to *Essential Skills*, which are the skills and abilities that are essential to success in the workplace. They are:

- *Reading Text*
- *Document Use*
- *Numeracy*
- *Writing*
- *Oral Communication*
- *Work with Others*
- *Thinking Skills*
- *Computer Use*
- *Continuous Learning*

Typical applications for these skills could be financial literacy tasks. For example, in *Reading Text*, the application would be integrating and synthesizing information, or reading to understand, learn, or evaluate; in *Thinking Skills*, it could be problem solving or decision making. In *Numeracy*, it would be numerical estimation and calculation. These *Essential Skills* applications (tasks) are embedded in language activities and, in this way, address financial literacy skills through language instruction.

Finally, the document draws on elements of Content-Based Instruction (CBI). In CBI methodology, language instruction is the vehicle for gaining knowledge of content and acquisition of content-related skills. Through task-based instruction, learners have an opportunity to acquire and improve their language skills while developing financial literacy.

WHAT IS FINANCIAL LITERACY

Financial literacy has many possible definitions, but all of them refer to a set of personal skills and knowledge. The Task Force on Financial Literacy defines it as:

...having the knowledge, skills and confidence to make responsible financial decisions. “Knowledge” means understanding personal and broader financial matters. “Skills” are the ability to apply that knowledge in everyday life. “Confidence” means feeling self-assured enough to make important decisions. This is often a key factor in galvanizing people into action. By “responsible financial decisions,” we mean that people will be able to use the knowledge, skills and confidence they have gained to make choices that are appropriate to their own circumstances.¹

Making financial decisions in present times is a complex task and requires understanding and knowledge of various areas such as saving, spending, borrowing and investing, as well as a wide range of skills, for example consumer literacy, document use, decision making, critical thinking and problem-solving skills, to name a few. It also requires awareness of any risks involved in making various financial choices. By incorporating the financial literacy content into language teaching, instructors can help learners develop the knowledge and skills that will enable them to understand and respond to various issues related to their own or their families’ finances.

Consumer and financial literacy can be described through key competencies in several broad areas. These competencies can be used as a reference when formulating contextualized financial literacy outcomes, and further, relating those outcomes to the language outcomes. The competencies listed below have been divided into two categories: *Understanding and Knowledge* and *Application*. *Understanding and Knowledge* is about the nature of money and its forms, how money is used, and what implications or consequences consumer and financial decisions can have. *Application* refers to applying the financial and consumer understanding and knowledge in various contexts, using initiative to build one’s own financial capacity, and making financial and consumer decisions. These two groupings are interrelated and embrace the broad range of knowledge, skills, values and attitudes as they relate to financial literacy.

UNDERSTANDING AND KNOWLEDGE	APPLICATION
EARNING	
<ul style="list-style-type: none"> Understand forms of employment and the financial implications they have Understand how taxes and other deductions affect income; understand gross and net pay Understand various forms of income Understand how various training and employment choices impact future earnings 	<ul style="list-style-type: none"> Make informed decisions about own cash flow, assets and investments Explore different options in making money File a tax return Consider training options to advance own employment opportunities Estimate and calculate earnings and deductions Track employment records and income
SPENDING	
<ul style="list-style-type: none"> Understand own relationship with and attitude towards money Understand value of money Distinguish between needs and wants Recognize how personal spending habits and decisions affect own and/or family situation 	<ul style="list-style-type: none"> Use budget tools to plan spending Keep financial records and track own spending Identify and keep track of factors that impact own cash flow

¹Task Force for Financial Literacy, <http://www.financialliteracyincanada.com/definition.html>, retrieved December 1, 2012.

BORROWING

- | | |
|---|--|
| <ul style="list-style-type: none"> • Understand the cost of borrowing and risk involved; understand how compound interest works • Understand when and how to use credit to own advantage • Understand how borrowers are assessed and qualified by lenders • Be aware of the warning signs of debt • Understand what credit history, credit score and credit rating are | <ul style="list-style-type: none"> • Identify type of credit appropriate for own situation • Evaluate consequences of using various types of credit • Shop around, compare and apply for credit • Learn how to use financial calculators and various tools to calculate the cost of borrowing • Identify ways to build own credit history • Select a credit card suitable for own needs • Track own borrowing |
|---|--|

SAVING

- | | |
|--|---|
| <ul style="list-style-type: none"> • Identify own financial needs and wants • Understand the importance of financial planning • Understand how various saving vehicles and products work • Recognize the value of saving as a means to own financial stability | <ul style="list-style-type: none"> • Formulate long- and short-term financial goals • Prepare personal and/or family budgets to build wealth • Compare different saving options • Compare different forms of investments • Save for own retirement, child's or own education, down payment towards a house, etc. • Monitor the value of own savings |
|--|---|

CONSUMER LITERACY

- | | |
|--|---|
| <ul style="list-style-type: none"> • Understand how own lifestyle and personal choices affect own financial situation • Understand how to compare various products/ services and their costs • Be aware of consumer fraud and scams • Be aware how advertising affects own spending decisions • Understand consumer rights and responsibilities • Understand how insurance works | <ul style="list-style-type: none"> • Become proficient in using calculators and various financial tools to calculate interest, discounts, cost of renting or leasing, or to compare costs • Identify cases of consumer fraud • Avoid fraud and scams • Protect own identity • Take recourse when own consumer rights are violated • Evaluate and select insurance policy suitable for own needs |
|--|---|

INCORPORATING FINANCIAL LITERACY IN ADULT ESL PROGRAMS

Key considerations

Teaching financial literacy concepts and skills to adult ESL learners can be quite different from teaching them to other audiences, such as youth. Here are some of the factors that instructors need to recognize and consider before planning and developing their programs:

- Recent research on financial literacy concludes that newcomers cannot be characterized as a homogenous group, with the same needs and goals. On the contrary, newcomers to Canada represent a variety of social, educational and financial circumstances and differ greatly in terms of experiences, attitudes and norms related to money issues. Similarly, their financial needs and goals can be as diverse. This can pose a real challenge to an instructor who wants to incorporate financial literacy concepts and skills into their program. A carefully planned needs assessment will help instructors identify the finance-related topics that are of high interest for a particular group of learners.
- Teaching complex or abstract financial literacy concepts to learners with basic language proficiency can pose many challenges or may simply not be possible due to the lack of comprehension or communication at the required level. Often, limited language proficiency is accompanied by weakness in the underlying skills (for example, document literacy, numeracy, problem-solving skills). Raising levels of financial literacy requires first developing these underlying skills and the language skills, and then reinforcing them in various financial literacy contexts.
- The financial literacy competencies cannot be achieved solely through classroom instruction; reflection on one's own financial goals, attitudes and habits, as well as self-assessment of learning, also need to take place. The actual achievement of the specific financial literacy competencies will take place outside the classroom, in real-life situations, on an as-needed basis, rather than immediately or in the near future. Instructors can encourage learners to develop and use strategies to take charge of their learning and the development of their financial literacy.
- LINC and adult ESL instructors may themselves find the content of some financial literacy topics difficult and, as a result, lack sufficient confidence to address them in the classroom. Instructors may also feel uncomfortable discussing financial matters due to their own experiences or cultural norms and attitudes. To remedy this, instructors can inform themselves about the specific financial literacy topic they intend to teach and explore learners' cultural attitudes about it.

The planning process

To plan a lesson or series of lessons integrating financial literacy and language learning, instructors can follow their usual planning routine, keeping in mind that it may be important and efficient to factor in the financial literacy content at the early stages of the planning process. The planning model discussed below demonstrates how financial literacy can be integrated with language teaching.

In addition to the typical needs assessment done for a language program, where information is gathered about learners' interests and needs, instructors will need to get a sense of the level of financial literacy among the learners in their class. Instructors can do this every time they plan a new theme by identifying possible financial literacy aspects within that theme and gathering information from learners. This can be done in a variety of ways, such as an informal class discussion, a checklist, a questionnaire, or a *What do you know about ...* quiz. The financial literacy content will vary from theme to theme; some topics, by virtue of their content, do not have a financial literacy aspect, while others provide many opportunities to make connections to financial literacy.

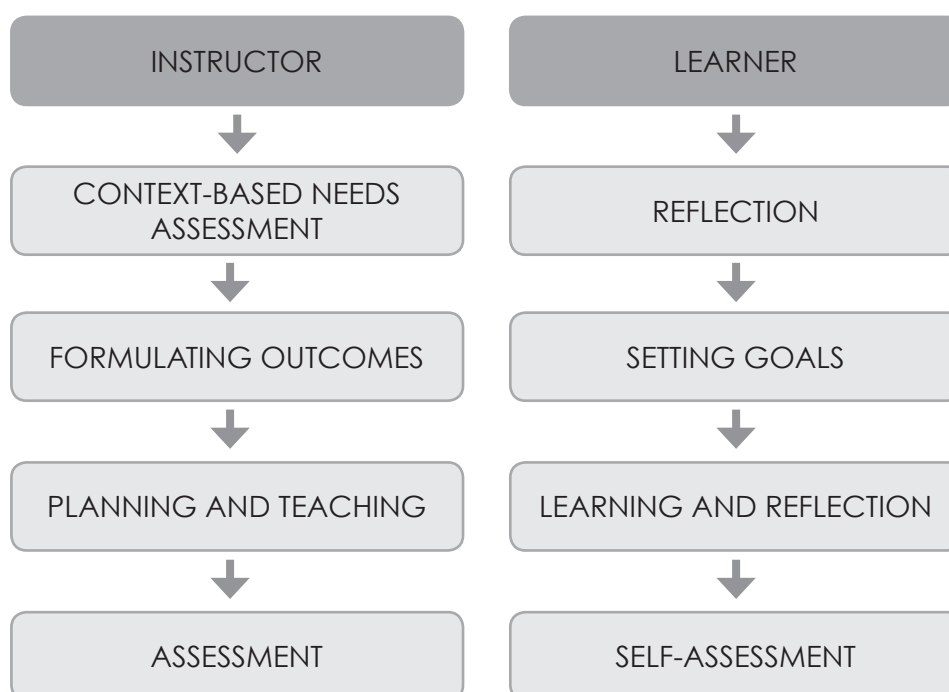
With the information gathered through needs assessments, instructors can plan a lesson or series of lessons. First, they need to formulate the learning outcomes for both language and financial literacy. The financial literacy outcomes are guided by the content and underlying skills, such as document use or numeracy; the language outcomes are guided by

the level-appropriate CLB competencies. The language and financial literacy outcomes should interrelate; for example, in order to achieve the financial literacy outcome *Understand costs, needs and wants*, learners need to *demonstrate comprehension of tables or diagrams such as budgeting tools* and *participate in a small group discussion to plan a student budget* (the language learning outcomes). Similarly, in order to demonstrate these language learning outcomes, learners need to have at least some understanding of costs, needs and wants. Instructors can also use the list of financial literacy competencies in this section to become familiar with the general competency areas of financial literacy before they formulate the contextualized outcomes.



Once the outcomes have been articulated, instructors can select the materials they will use to develop activities and tasks. Instructors can use authentic materials in different media such as brochures, forms, contracts and receipts, advertising, podcasts and YouTube videos as well as other online and print financial literacy resources. Through the language tasks and activities that may focus on vocabulary development, listening comprehension, reading skills, or grammar, learners learn the concepts and develop the underlying skills that lead to financial literacy.

Assessment of language learning can be done using the same tasks and activities; instructors can assess whether or not the language outcomes have been achieved. However, assessment of the financial literacy outcomes may not be possible in the classroom. These outcomes will be achieved outside the classroom and not always immediately. Therefore, it may be appropriate that the assessment of the financial literacy outcomes be done by learners. It is suggested that instructors provide sample tools for goal-setting, reflection and self-assessment.



USING *ENGLISH FOR FINANCIAL LITERACY* IN PLANNING AND TEACHING

The planning and teaching process

English for Financial Literacy is designed to assist instructors in incorporating financial literacy content into their program planning and teaching, and to provide support in learning about key topics and concepts related to financial matters. As the diagram below illustrates, instructors can use the resource at each stage of the planning and teaching process.

PLANNING PROCESS

USING *ENGLISH FOR FINANCIAL LITERACY*

NEEDS ASSESSMENT

- Instructor can use ***Background Information*** to get information about the topic and possible financial aspects.
- Instructor can review ***Financial Literacy Competencies*** in the *Instructor Guide* section to get a sense of possible outcomes.

FORMULATING OUTCOMES

- Instructor uses ***Learning Outcomes*** to formulate financial literacy outcomes and language learning outcome; she can select from the sample outcomes provided or draft her own, contextualizing and narrowing down financial literacy competencies.

PLANNING AND DEVELOPING ACTIVITIES

- Instructor uses ***Background Information*** to get detailed information about the topic.
- Instructor reviews ***Key Language Elements*** to select the ones to teach.
- Instructor reviews ***Teaching Notes*** and looks over the sample activity worksheets to plan a lesson; she can select activities and adapt them to the learners' needs or learning styles; she can also use them as a model to develop her own materials.

TEACHING AND ASSESSMENT

- Instructor reads ***Teaching Notes*** to get ideas for teaching the activities, follow-up activities, or ***Beyond the classroom*** tasks.

Exemplar

This exemplar illustrates how an instructor plans and teaches a series of lessons that integrate financial literacy and language skills.

Class profile: Cathy is an instructor in a LINC 3–4 class. The class of 18 learners is quite diverse in terms of ethnicity and socio-economic factors. There is a range of ages, from young adults to seniors, including single young newcomers, parents of young children, older parents of teenaged children, and a few seniors with grandchildren.

Needs analysis—selecting the topic: Cathy has conducted initial and ongoing needs assessments to gather information about the needs and interest of the group. *Education* has been identified as one theme that is highly important to the majority of learners in the class. Before planning the actual lessons for the theme, Cathy identifies and discusses possible topics to be included within the theme of *Education*. Learners want to know about the public school system in Ontario, about post-secondary education and training, and especially about financing post-secondary education for their children and themselves. They are curious to know the actual costs of tuition and other expenses for college and university programs in Canada. Cathy decides she will teach a series of lessons on the topic of costs associated with post-secondary education.

Formulating outcomes: For the topic she has chosen, Cathy identifies the financial literacy aspects: identifying possible expenses, average tuition, financial assistance options, saving for a child's education and financial planning and budgeting. She reviews *English for Financial Literacy*, Volume 2 (CLB 3–5) and finds the topic *Financing Post-secondary Education*.

To start planning, she formulates the outcomes for both language and financial literacy. She looks at the table of financial literacy competencies in the introduction section of *English for Financial Literacy*. Under *Spending*, competencies for this theme could include, “*Distinguish between needs and wants*” and “*Use budget tools to plan spending*.” Under *Saving*, there are several possible competencies, such as “*Understand how various savings vehicles work*” and “*Formulate long-term and short-term financial goals*.”

Cathy sees an opportunity to use this topic to include activities on financial planning and budgeting. She understands the importance of these skills in developing financial literacy, but would not feel comfortable instructing her adult learners on how to plan their own finances. The theme of *Education* will provide a neutral context to explore the concepts and develop the necessary skills.

Next, she looks at the *Learning Outcomes* page for the topic *Financing Post-secondary Education* and identifies financial literacy outcomes and the language and numeracy outcomes for the activities and tasks in a series of lessons that focus on the costs of post-secondary education. She considers these sample outcomes:

Financial literacy outcomes

- Understand costs, needs and wants
- Recognize how a budgeting tool can facilitate making sound financial decisions
- Identify a budgeting/planning tool suitable for own purposes

Language and numeracy outcomes

- Participate in small group discussions in order to plan a student budget
- Follow a set of instructions to create a budget for a specific situation
- Demonstrate understanding of budgeting and calculating tools

Planning and developing activities: As Cathy is not familiar with current tuition fees or budgeting tools, she researches these topics. In *English for Financial Literacy*, she reviews the topic *Financing Post-secondary Education*, which includes background information about tuition fees and related expenses, government assistance programs and private student loans. She also looks at print and online resources for teaching financial literacy to learn about budgeting tools.

To find out how much learners know about these topics, she prepares some *true/false* statements based on the background information. She will use these statements later as a warm-up and needs assessment activity. To make learning and teaching more effective, she wants the learners to be involved in setting their goals and evaluating their own learning. She develops the self-assessment tool that the learners can use with this and other topics. For now, the learners complete the first column. To help learners at CLB 3, Cathy discusses and lists on the board some concepts and skills that relate to this topic: *budget, make a budget, set priorities, calculate totals*, etc.

I want to know about:	I've learned about:	I still need to know about:
_____	_____	_____
I want to know how to:	I've learned how to:	I still need to know how to:
_____	_____	_____
My goal is to: _____		
I will: _____		

Learners can also formulate their goals and make statements on the sheet provided.

Next, Cathy reviews the activity worksheets and selects two sets set of activities: *College is Expensive* and *A Student Budget*. The teaching notes for the activities say they are appropriate for CLB 4–5, so Cathy plans on adapting them for her LINC 3–4 class. Over the next two lessons, Cathy wants to introduce the concept of needs versus wants and budgeting in the context of the costs of post-secondary education, and then, later, transfer the skills the learners develop/practise to other contexts, too.

She uses some of the warm-up and vocabulary practice activities on budgets and collocations with the word “*budget*”; she simplifies the language in vocabulary activities to make it appropriate for CLB 3 learners. She uses the listening text and worksheets as is, but prepares an additional cloze activity based on the transcript in the teaching notes. She creates a grammar worksheet to review the future tense of the modals “*need to*” and “*have to*,” and makes questions and statements about income and expenses in a student’s budget. When discussing budget strategies, she goes beyond the context of post-secondary education and has learners discuss other budgeting scenarios. While learners work on creating budget sheets and performing calculations, Cathy notices that a few learners need support with working with dollar amounts and addition. She works with them individually, explaining the concepts and providing them with supplementary Numeracy Worksheets.

Teaching and assessment: After the lesson on student budgets, learners use the online activities from *English for Financial Literacy* for additional practice of both the language and financial literacy skills. The *Student Budget* activities under *Education*, CLB 3–5 provide practice with budget vocabulary, reading and listening comprehension. They also provide practice in using a budgeting tool and calculating income and expenses as well as balancing a budget. Learners also do the additional budgeting activities called *Making a Budget*, developed by Cathy. Finally, learners with adequate computer skills will search for online budgeting tools and locate one that they would like to use. While learners work independently, Cathy goes around the room and monitors learners’ performance of the listening comprehension task as part of formative assessment. At the end of this series of lessons, learners complete a self-assessment sheet by finishing the statements in columns two and three; Cathy also prompts them to think about their goals in terms of budgeting, and provides examples.

Useful Websites

BANKING AND PERSONAL FINANCE

Banks and Bank Services

Canadian Bankers Association: <http://www.cba.ca> > Home > Consumer Information>Banking Basics > Opening a Bank Account

- Provides information about accounts, fees and consumer rights

Financial Consumer Agency of Canada: <http://www.fcac-acfc.gc.ca>

- Home > Resources > For Consumers > Banking: Tip sheets on banking topics, including choosing the right account, low-cost accounts and cost of banking comparison tables
- Home>Resources > Tools and Calculators>Banking: Banking Package Selector Tool and Savings Account Selector Tool; quizzes on credit report and credit score, rights and responsibilities

Money Mentors: <http://www.moneymentors.ca> > Learning Centre > free budgeting workbook

- Workbook *Stretch Your Dollars - budgeting basics* includes information and tools for personal finance, including a checklist for choosing a bank account

Practical Money Skills for Life: <http://www.practicalmoneyskills.com> > Personal Finance > Saving and Spending > Banking

- Visa USA website for financial literacy that provides information about all aspects of personal finance, including choosing a bank and bank account, banking terms, games, tools and calculators

Settlement.org: <http://www.settlement.org> > Daily Life > Personal Finances>Banks

- Provides basic information about types of banks and bank accounts

Credit and Credit Cards

Financial Consumer Agency of Canada: <http://www.fcac-acfc.gc.ca> > Home > Resources > Tools and Calculators > Credit Cards Interactive Tools > Credit Card Selector Tool

- Credit card selector tool with current Canadian information
- Downloadable booklet *Understanding Your Credit Report and Your Credit Score:* http://publications.gc.ca/collections/collection_2009/acfc-fcac/FC5-8-25-2008E.pdf

Industry Canada: <http://www.ic.gc.ca> > Consumer Information > Office of Consumer Affairs (OCA) > More for Consumers > Take Charge of Your Debt

- Provides information about credit scores and credit reporting agencies in Canada, including instructions for requesting a free credit report and a sample credit report with explanations

Personal Finance

Money Mentors: www.moneymentors.ca > Learning Centre

- Many tools, financial calculators, financial and consumer tips sheets and a free downloadable budget workbook.

ABC Life Literacy Canada: <http://abclifeliteracy.ca> > Literacy in your life > Financial Literacy > Money Matters

- *Money Matters* is a national financial literacy program to help adults learn the basics of money management.

Taxes

Canada Revenue Agency: <http://www.cra-arc.gc.ca> > Home > About the CRA > Understanding Taxes and Benefits

- Basic information about Canada's taxation system > Home > Individuals > Learning about taxes
- Online self-study course teaches how to file a basic tax return

Settlement.org: <http://www.settlement.org> > Daily Life > Personal Finances > Taxes

- Provides basic information about the tax system in Canada, paying income tax and filing a tax return, and applying for benefits and tax credits

CONSUMER MATTERS

General Information for Consumers

Ontario Ministry of Consumer Services: <http://www.sse.gov.on.ca/mcs/en/Pages/default.aspx> <http://www.sse.gov.on.ca/mcs/Documents/275071.pdf>

- Includes booklet *Consumer Protection Survival Guide* with sample letters of cancellation

Ontario Ministry of Consumer Services: <http://www.sse.gov.on.ca/mcs/en/Pages/default.aspx>

- Includes a video tips series *Know Your Rights* on topics such as booking travel, gift cards, saving money, buying big-ticket items, buying a new car, payday loans

Canadian Marketing Association : <http://www.the-cma.org> > For Consumers > Consumer FAQs

- Practical shopping tips for consumers, tips for online shopping, and other consumer information including the *Do Not Contact* registry.

Calculator Soup: <http://www.calculatorsoup.com> > Calculators > Financial > Sales > Sale Price Calculator

- Calculates final sale price for discounts advertised in percent or fraction

Consumer Contracts

Financial Consumer Agency of Canada: <http://www.fcac-acfc.gc.ca> > Home > Resources > Publications > Your Rights and Responsibilities > Tip Sheets > Before You Sign Any Contract

- Tip sheet of ten important things to do or consider before signing a contract

Fraud

Ottawa Community Loan Fund : <http://www.oclf.org> > Connect With Us > Financial Literacy > Newcomer Finances Toolkit

- Fraud and identity theft worksheets for ESL learners from the *Newcomer Finances Toolkit*

Canadian Consumer Information Gateway: <http://consumerinformation.ca>

- This website has several financial tools (e.g., *Build your Buying Skills*) and calculators (e.g., *My Expenses*; *Rent or Buy a Home*)

Canada Revenue Agency : <http://www.cra-arc.gc.ca/ntcs/nln-rfnd-eng.html> > Your Security > Beware of Fraudulent Communications

- Samples of fraudulent emails currently circulating

Canadian Anti-fraud Centre/ Fraadbusters: <http://www.antifraudcentre.ca>

- Up-to-date information about current Canadian and international scams; top scams and statistics; statistics, tips for recognizing, preventing and reporting fraud and identity theft

Competition Bureau: <http://www.competitionbureau.gc.ca> > Home > Publications > Tools for Consumers and Businesses > Pamphlets

- Pamphlets on fraud-related topics, including *Is someone giving you a generous gift? Think again!*, *Looking for work? Beware of deceitful employers!*, *Rebates: The Real Deal**, *Deceptive Prize Notices*, *Promotional Contests*, *What You Should Know About Telemarketing*

Insurance

Financial Services Commission of Ontario: <http://www.fsco.gov.on.ca/en> : > Home > Automobile Insurance > Brochures > Brochure: Understanding Automobile Insurance

- Brochure about understanding automobile insurance

Financial Services Commission of Ontario: <http://www.fsco.gov.on.ca> > Home > Automobile Insurance > Understanding Rates/An Interactive Tool

- interactive rate comparison tool

Get Smarter About Money: <http://www.getsmarteraboutmoney.ca> > Home > Managing your money > Investing > Personal insurance > Video-How to save money on home insurance

- Part of a video series on managing money, including investments, budgets

Total ESL: <http://www.totalesl.com/uploads/lesson/f/123275862069794.pdf>

- Insurance lesson plan for adult ESL learners

Ottawa Community Loan Fund : <http://www.oclf.org> > Connect With Us > Financial Literacy: *Newcomer Finances Toolkit*

- Insurance worksheets for ESL learners from the *Newcomer Finances Toolkit* published by the Ottawa Community Loan Fund

EL Civics for ESL Learners: <http://www.elcivics.com> > Lifeskills Lessons > Car insurance

- Picture stories and activities about car insurance for adult ESL learners

EDUCATION

Retraining and Skills Upgrading

Human Resources and Skills Development Canada: <http://www.hrsdc.gc.ca> > Jobs and Training

- Information about financial assistance available under the Skills Development Employment Benefit

Ontario Ministry of Training, Colleges and Universities: <http://www.tcu.gov.on.ca>

- Information about retraining programs and financial assistance, go to Second Careers

Ontario Ministry of Citizenship and Immigration: <http://www.citizenship.gov.on.ca> > Welcome to Ontario>Ontario Bridge Training Program

- Information about programs, educational institutions and financial assistance

Ontario Women's Directorate: <http://www.citizenship.gov.on.ca/owd/english/> > Helping Women Achieve Financial Independence > OWD funded training programs

- Information about microlending and training programs for women

Apprenticeship Programs

Service Canada: <http://www.servicecanada.gc.ca> > Education and Training > Apprenticeship Grants

- Information about apprenticeship grants

Saving for Postsecondary Education RESPs

CanLearn: <http://www.canlearn.ca/eng/saving/index.shtml>

- Government of Canada portal provides information on a wide range of topics related to financing post-secondary education in Canada; background information on RESPs, student loans, grants and scholarships, the average cost of post-secondary education; tools, such as search tools, planner and calculators, including parental contribution and loan estimators

Smart RESPs: <http://www.smartresps.com>

- Heritage Funds website provides information about different types of RESPs and has easy-to-use calculators

Moneyville: <http://www.moneyville.ca> > Budgeting > Education Planning > Comparing Education Savings Options

- Article with a comparison of education savings vehicles

Average tuition costs in Canada

Statistics Canada: <http://www.statcan.ca> > Browse by... Key Resource > Summary Tables > Subject (on the left sidebar) > Education, Training and Learning

- Table showing the increase over time of undergraduate tuition fees for full time Canadian students, by discipline, by province

Simon Fraser University Students Services: <http://students.sfu.ca/financialaid/costs.html>

Fanshawe College: <http://www.fanshawec.ca/EN/financial/financial/31806/35035/sample.asp>

Online calculators:

Smart RESP: <http://www.smartresps.com>

- Easy-to-use RESP calculator

MoneySense: http://tools.moneysense.ca/calc/univ_cost/

- University Cost Calculator; RESP Calculator

CanLearn: <http://tools.canlearn.ca/cslgs-scpse/cln-cln/40/fp-pf/fp-pf.obp.do>

BMO: <http://www4.bmo.com> > Bank Accounts > Students & Recent Graduates > Tools & Resources > BMO Student Budget Calculator

Budgeting Tools for Students

Industry Canada: <http://www.ic.gc.ca> > For Consumers > Home > Resources > Publications > Budgeting and Money Management > Making a Budget and Sticking to It

- Information and instructions for making a budget, including a blank student budget template in PDF format.

University of Toronto Student Financial Aid: <http://www.utoronto.ca> > Admissions > Awards and Financial Aid > Budget Tool

- How-to-budget information and blank budget template

EMPLOYMENT

Financial Consumer Agency of Canada: <http://www.fcac-acfc.gc.ca> > For Consumers > Choose a Life Event > Starting your First Job > Payroll Deductions: Where Does It All Go?

- Explains standard payroll deductions such as income tax, EI, CPP and QPP, as well as deductions for employee benefits

Canada Business Ontario: <http://www.cbo-eco.ca> > Home > Business Guides>Business Start-Up Guide

- Provides information and tools for starting a business

Ontario Ministry of Labour: <https://www.labour.gov.on.ca>

- Provides information on hours of work, minimum wages and deductions from wages

HOUSING

Renting a Home

Practical Money Skills: <http://practicalmoneyskills.ca> > personalfinance > lifeevents>renting

- explains important elements of a lease document

Settlement.org : <http://settlement.org>

- Provides information on many housing topics including renting, buying, subsidized housing and housing for seniors in Ontario

Tools

Interactive map with rental prices in Ontario: <http://www.settlement.org> > Housing > Living in Ontario >Cost of Living in Ontario

Buying a Home

Canada Mortgage & Housing Corporation: <http://www.cmhc-schl.gc.ca>

- Government of Canada's national housing agency; includes all topics related to renting and owning a home; features a video series, glossary, worksheets, calculators and a *Newcomers Guide to Housing*; information available in several languages

Canada Revenue Agency: <http://www.cra-arc.gc.ca> > Individuals > Registered savings plans>Home Buyers' Plan

- Provides detailed information about the Home Buyers' Plan, as well as downloadable forms

Practical Money Skills: <http://practicalmoneyskills.ca> > Personal Finance > Life Events > Buying a Home

- Discusses the advantages and disadvantages of home ownership, and outlines the steps to home ownership, including qualifying for a mortgage, types of mortgages, closing, and building home equity

The Canadian Real Estate Association: <http://mls.ca/splash.aspx>

- Updated news about the current real estate market, buyer & seller information, as well as MLS listings with a property comparison tool and mortgage calculator

The Canadian Real Estate Association: <http://www.crea.ca> > Resources > Publications >

- Home Buying Roadmap explains the process of buying a home

Service Canada: <http://www.servicecanada.gc.ca>

- Many housing topics, including government programs, with links to other websites

Settlement.org : <http://settlement.org>

- Provides information on many housing topics including renting, buying, subsidized housing and housing for seniors in Ontario

Tools and Calculators

Mortgage calculator: <http://www.cmhc-schl.gc.ca> > Buying a Home > Easy-to-use home buying tools > Mortgage Payment Calculator

FINANCIAL LITERACY CLASSROOM RESOURCES

Canadian Centre for Financial Literacy: <http://www.theccfl.ca/Resources/CCFL-Activities---Worksheets.aspx>

- Handouts and worksheets on a variety of financial topics from the *CCFL Community Facilitator Training Toolbox*

Financial Literacy Lessons for ESL Students:

http://www.otan.us/images/publicarchive/ArchivesDigitalFiles/ELCivics/Financial_Lit/003370coverpage.pdf

- Learner worksheets cover basic banking, credit and financial planning for the future

Get Smarter About Money: <http://getsmarteraboutmoney.ca> > Education Programs > For Educators

- Includes a variety of resources and tools, including lesson plans, games and multimedia resources intended for elementary and high school students but may be appropriate for adult learners

Practical Money Skills: <http://practicalmoneyskills.ca> > resources > freematerials > classroom

- *Choices & Decisions* is a financial literacy course for educators and provides free lesson plans, in-class activities, and games hopes to support financial literacy

Smart Shopping: <http://www.nald.ca/library/learning/qlwg/unit7/unit7.pdf>

- Workbook published by the Quebec Literacy Working Group as part of GLWG *Skills for Life* series. Includes worksheets on topics such as comparison shopping, the language of advertising, distinguishing needs from wants.

Glossary

BANKING AND PERSONAL FINANCE

Banks and Bank Services

account—an arrangement at a financial institution for depositing, withdrawing, borrowing or investing money

account statement—a record of transactions in an account at a financial institution, often provided each month

automated teller machine (ATM)—a machine that lets you make banking transactions by inserting an electronic card; also called an automated banking machine (ABM)

available balance—the amount of money in your account that you can use or withdraw; it may not include all recent transactions (e.g., cheques you have written that have not yet been paid from your account)

bank—a federally regulated financial institution that takes deposits, lends money and provides other financial services

banking fees—fees charged to customers for banking services

Bank of Canada—Canada's central bank; responsible for Canadian monetary policy, issuing bank notes, regulating and supporting the main systems for clearing and settling payments, and acting as fiscal agent for federal government debt; monitors the Canadian dollar and raises or lowers the primary lending rate (the bank rate) in order to regulate the money supply; it is not a chartered bank and does not offer direct services to the general public

Bank of Canada rate—(also called the **prime** or **the bank rate**), announced a few times a year by the Bank of Canada as a guideline for chartered banks to raise or lower their interest rates to customers

credit union/caisse populaire—a non-profit, member-owned financial institution that provides financial services for members, including savings and lending; members must ordinarily belong to a participating organization; a person deposits money in a credit union, and becomes a member of the union because the deposit is considered partial ownership in the credit union; a caisse populaire is a financial institution typically seen in Quebec that is similar to a credit union

Canada Deposit Insurance Corporation (CDIC)—a federal government corporation that provides insurance to protect money deposited in Canadian banks and financial institutions

chartered bank—a financial institution that has received the right to operate (a *charter*) from the federal government

cheque—a written order to a bank, credit union or trust company to pay a specified sum of money from the depositor's account to the person or business named on the cheque

chequing account—an account at a bank, credit union or trust company that allows the account holder to write cheques

combination account—an account that is part savings and part chequing; the account holder may write cheques and be paid interest on money in the account

credit check—when a bank or someone else looks at your credit history to decide whether or not to lend you money

credit history—information sent to a credit-reporting agency by a bank, credit card company, or any other business that gives credit; may include information about you, how long it typically takes you to pay back money you have borrowed, and whether or not you make your payments on time; lenders typically check a loan applicant's credit history with a credit-reporting agency before approving a loan

credit rating—a rating that summarizes your financial reputation and credit history; used by financial institutions to decide whether or not to lend you money or provide credit as well as to determine the amount you may borrow

credit-reporting agency—in Canada, two companies collect information and provide credit reports: Equifax and TransUnion

credit score—a numerical summary of the information contained in a credit report, typically ranging from 300 to 900 (a high credit score is best); an indicator of how well you are likely to manage credit in the future

debit card—a card that lets you pay for purchases by transferring money electronically from your bank account to the retailer

debt—money that you owe for loans or credit

deposit—money put into an account at a financial institution, such as a bank, credit union or trust company; a deposit may be in the form of cash, cheque or electronic transaction

deposit insurance—an insurance plan (see *Canada Deposit Insurance Corporation*) designed to protect the money you deposit if a bank, credit union or trust company fails

electronic funds transfer (EFT)—a system for transferring money electronically between accounts at financial institutions

financial institution—a bank, trust company, credit union or other institution that offers financial services such as savings and chequing accounts, loans, credit cards and investments

joint account—a bank account that is shared by two or more people who equally share rights and responsibilities of the account

lender—an institution or person who lends money to people or companies; the lender sets the interest rate and the terms of the loan

line of credit—a type of pre-approved loan that allows you to borrow money when you need it, up to a pre-set maximum amount

loan—money that you have borrowed, which you must repay on a specified schedule at an agreed-upon rate of interest

minimum monthly balance—the least amount of money that has been in a bank account during the whole month

interest—a fee you pay on borrowed capital

mortgage—a loan (usually for buying a home) in which the lender can take possession of the property if the loan is not repaid on time

N.S.F. cheque—a cheque written on an account in which there is not enough money to cover the amount of the cheque; a fee, called an NSF charge, is charged to the account holder when this happens

overdraft—a shortfall in a bank account caused by taking out more money than you had in the account; many banks will allow good customers to make overdrafts for a short time, but will charge fees and interest for the service

overdraft protection—a bank service that allows you to overdraw an account up to a specified amount (overdraft limit); in effect, a temporary loan for which interest is usually charged on the amount that the account is overdrawn

principal—the amount borrowed; interest is calculated on the principal

personal identification number (PIN)—a secret code intended for the sole use of its user; used with a debit card to confirm the cardholder's identity and to authorize debit card transactions

post-dated cheque—a cheque on which a future date is written; a post-dated cheque cannot be negotiated (cashed) before this date

prime rate/prime lending rate—rate of interest charged on loans by banks to their most creditworthy customers

savings—money put aside in an account to accumulate as a reserve for future needs

savings account—an account with a bank, trust company or credit union that pays interest on the money you deposit

Tax Free Savings Account (TFSA)—an account that provides tax benefits for savings accounts in Canada; account holder may withdraw money at any time, tax-free

transaction—an activity involving a bank account (e.g., withdrawal, deposit, transfer, direct payment purchases)

withdraw—to take money out of an account

withdrawal—money you take out of an account

Credit and Credit Cards

annual fee—a fee that is applied each year for the use of a credit card; typically paid in exchange for additional rewards or benefits; many credit cards do not charge an annual fee

annual interest rate—the annual interest rate charged on transactions when you don't pay your balance in full; credit card issuers can charge different interest rates for different types of transactions, such as balance transfers, cash advances and purchases

bankruptcy—a legal method of absolving debt and a form of financial protection available to individuals and businesses; you can only file bankruptcy in Canada if you are insolvent; to be considered insolvent, you must be unable to pay your debts as they become due

balance transfer—the transfer of an outstanding credit card balance from one card to another card, often from a higher interest card to a lower interest card; interest is usually charged from the day the amount is transferred to the new card (no interest-free period)

cash advance—cash obtained from an ABM or at a teller, charged to a credit card; it is a loan, and the amount you borrow may be subject to daily limits; there is no interest-free period, so interest is charged from the date the funds are withdrawn until the date this amount is repaid in full

collateral—something of value, such as an asset or property, that you pledge when getting a loan; if you do not repay the loan as agreed, the lender can take and sell your collateral

credit—the ability to borrow money or charge purchases to an account before paying for an item or service; the amount you can borrow or charge

credit capacity—the amount of money that a person or organization can borrow and be expected to repay

credit card—a card issued by a financial institution that lets you buy things “on credit” ; the financial institution pays the seller and you repay the financial institution later

credit card slip—a receipt for a credit card transaction, usually signed by the cardholder

creditor—a person or organization that extends credit to others; a person or organization to which money is owed

interest-free grace period—a number of days during which no interest is charged on the transaction; all federally regulated financial institutions that issue credit cards must provide a minimum 21-day interest-free grace period on all new credit card purchases, as long as the balance is paid in full by the credit card statement's due date

minimum payment—the least amount your credit card issuer requires you to pay on the outstanding credit card balance

reward program—incentives and benefits to attract consumers and encourage them to use their credit card in lieu of other forms of payment; common rewards include points that can be redeemed towards travel, merchandise, or gift cards, and cash-back rewards

secured credit card—a card that requires you to pay the issuer a security deposit before you can use it; the credit limit is normally set as a percentage of the deposit (usually 100 percent or more)

Taxes

Canada Revenue Agency (CRA)—the federal government agency that collects taxes and administers Canada's tax laws

Canada Child Tax Benefit (CCTB)—a tax-free monthly payment to eligible Canadian families to help them with the cost of raising children

EFILE—a service that lets authorized service providers send individual income tax return information to the Canada Revenue Agency over the Internet

GST (Goods and Services Tax)—a federal sales tax paid by consumers on most goods and services that they purchase; the GST is 5%

HST(Harmonized Sales Tax)—combined federal and provincial sales tax paid by consumers on many goods and services, with the exception of basic food and some other items; in Ontario, HST is 13 percent (5 percent federal GST and 8 percent provincial sales tax)

excise taxes—taxes imposed by both the federal and provincial governments on alcohol, tobacco, gasoline and vehicle air conditioning

income—money you receive from work, gifts, business, investments, etc.

income tax—a percentage of the income you earn each year that must be paid to the federal and provincial governments for government services; Canada's personal income tax system is progressive, which means individuals with higher incomes pay a greater percentage of their incomes in taxes

land transfer tax—provincial tax derived from the sale and transfers of property

NETFILE—Canada Revenue Agency's electronic income tax filing system; it enables an individual to file a personal income tax return using the Internet and income tax software

PST (Provincial Sales Tax)—sales tax levied by all provinces except Alberta; tax rates vary from province to province: some provinces harmonize it with GST (see HST) while others apply it to the sum of price and GST

property tax—tax derived from residential, commercial and industrial properties; it is levied on the value of property (land and buildings) annually by municipal governments

TD1(Personal Tax Credits Return)—the form on which you report your income to the Canada Revenue Agency and calculate the amount of taxes you owe or any tax refund that is owed to you

T4—the form on which an employer reports your earnings and deductions so you can include them in your income tax report

T5—the form on which a financial institution reports your earnings from investments so you can include them in your income tax report

tax credit—an amount you can deduct from the tax you owe

tax deduction—an amount you are allowed to subtract from your income before calculating the income tax you owe

tax shelter—an investment or other financial arrangement that allows you to shelter some of your earnings from tax for a period of time

taxable income—the part of your income you have to pay taxes on

Retirement

pension—an annual income paid to an employee, usually after retirement; payments are based on the employee's age at retirement, final salary, and number of years on the job

pension plan—a qualified retirement plan set up by a corporation, labor union, government, or other organization for its employees

Canada Pension Plan (CPP)—the Canadian government system into which you pay a percentage of your earnings to a fund that provides income when you retire

Guaranteed Income Supplement (GIS)—additional payments on top of the Old Age Security pension for low-income seniors living in Canada

Old Age Security (OAS)—a monthly payment to those 65 years old or older who meet the residence requirements

Registered Retirement Savings Plan (RRSP)—a type of savings plan registered with the government that allows you to reduce the income tax you pay on money you save within the plan for retirement

Registered Retirement Income Fund (RRIF)—income fund established by a financial institution to provide retirement income to an individual; set up by directly transferring money from registered retirement savings plans or registered pension plans; the RRIF holder must withdraw a set portion of the money in the fund annually and pay tax on it

Personal Finance

balanced budget—a budget in which income and expenses are equal

budget—a plan (monthly or yearly) for spending and saving based on your income and expenses

expenses—outflow of money to another person or group to pay for an item or service

fixed expenses—expenses that do not depend on consumption or change from time period to time period, such as rent or mortgage payments, childcare expenses, tuition, etc.

financial plan—a written plan that identifies your financial goals and recommends specific actions to take to achieve them

income—the amount received from all sources, including wages, salaries, profits, interest payments, rent and other forms of earnings

want—something you desire but do not need

CONSUMER MATTERS

Shopping and sales

Consumer Protection Act (Ontario)—consumer protection legislation that governs most common consumer transactions in Ontario

contract—a legally binding oral or written agreement enforceable in a court of law; a valid contract must have an offer with specific terms, an acceptance of that offer, and consideration, or an exchange, such as a payment; by signing a contract, a consumer is bound by its terms, as long as the terms themselves do not violate the criminal code

deferred payment programs—“buy now, pay later” programs offered by retailers to qualified customers; often interest-free if payment is made in full by the agreed-upon date; customers may be charged administrative fees and other costs for using the program

layaway plan—program offered by some retailers that allows customers to reserve merchandise and then make payments until the full cost is paid; the customer receives the merchandise only when paid for in full

terms and conditions—general and special arrangements, provisions, requirements, rules, specifications and standards that form an integral part of an agreement or contract

breach of contract—failure to perform any term of a contract without a legitimate legal reason; may include not completing a job, not paying in full or on time, or failure to deliver all the goods

Insurance

adjuster—insurance company employee who assesses loss or damage when a claim is made

beneficiary—someone who receives the benefits of an insurance contract; can refer to a person who receives the insurance proceeds from a life insurance policy or annuity as well as someone who receives benefits from a health insurance policy, such as payments for a health care service

claim—a formal request to an insurance company requesting payment based on the terms of the insurance policy; claims are reviewed by the insurance company for their validity before they are paid out

collision coverage—an optional type of automobile insurance coverage that pays for the cost of repairing the insured vehicle if it is damaged in a collision

comprehensive coverage—an insurance policy that pays for damage or loss of a vehicle from a wide range of risks, such as fire and theft

coverage—the specific types of losses covered by an insurance policy and the limits on the claims that may be made

deductible—amount of your claim you agree to pay before the insurance company pays the rest

insurance agent—a person representing one insurance company and selling its insurance products

insurance broker—a person or company who sells insurance products of various companies

insurance claimant—a person or party requesting payment of benefits under the terms of an insurance policy

insurance company—a financial institution (either federally or provincially regulated) in the business of insuring risks; insurance companies generally fall into two categories: life and health insurers, and property and casualty insurers

insurance policy—a written document that serves as evidence of insurance coverage and contains pertinent information about the benefits, coverage and owner, as well as its associated obligations

insured—the person whose property or life is insured

insurer—the insurance company

liability insurance—insurance that provides protection from claims arising from injury or damage to other people or property

life insurance—an insurance policy that pays a set amount to those named in the policy (the beneficiaries) when the policy holder dies

premium—the amount you pay (usually monthly or annually) for an insurance policy

replacement value—the cost of replacing an insured item at its current price, even if that price is higher than what you originally paid for it

Fraud

phishing—usually a two-part scam involving email and spoof websites; fraudsters send email to a wide audience that appears to come from a reputable company requesting personal information account numbers; this is known as a phish email

identity theft—occurs when someone steals your personal information and uses it to pretend to be you, for example by buying things for themselves on your credit card

investment scam—criminal fraud or “con” game in which there is an attempt to swindle money by gaining a person’s confidence

scam—a fraudulent or unethical activity; a fraud, theft or trick

EDUCATION

Financing job training

Apprenticeship Incentive Grant—a taxable cash grant offered by the Government of Canada; eligible apprentices could receive up to \$4,000 to pay for tuition, travel, tools or other expenses

Financing post-secondary education

bursary—a type of financial award provided by a school to certain students to assist with the costs associated with attending a college or university; usually provided to students based on financial need and/or academic performance

Canada Education Savings Grant—a program introduced by the federal government whereby it will invest, in the form of grants, together with parents who save for their children's education through RESPs; the government will top up contributions made to an RESP by 20 percent to a yearly maximum of \$400 per beneficiary

Canada Education Savings Grant (Basic)—money given to you by the Government of Canada and put into your Registered Education Savings Plan (RESP) based upon your contributions to the plan

Canada Education Savings Grant (Additional)—extra money given to you by the Government of Canada and put into your Registered Education Savings Plan (RESP) based upon your contributions to the plan; available to those with low family incomes

Canada Learning Bond—money given to you by the Government of Canada for your RESP if you are a family with limited income

Canada Student Loans Program—federal government program that provides loans to eligible post-secondary students; provincial and territorial student financial assistance programs may be integrated with the federal program (as in Ontario) or may operate in tandem with the federal program

student grant—financial award provided to students based on need through government student financial assistance programs, schools or private organizations; a grant does not need to be repaid

scholarship—financial award provided by a school or private organization to students based on merit

OSAP (Ontario Student Assistance Program)—a student financial assistance program that provides loans and grants to eligible post-secondary students; in Ontario, the federal and provincial program are integrated

RESP (Registered Education Savings Plan)—a savings plan registered with the federal government to help families save for their children's post-secondary education; the government contributes additional money to eligible families through the Canada Education Savings Grant and the Canada Learning Bond

EMPLOYMENT

gross pay—the amount of salary or wages paid to a worker before any deductions, such as taxes, are made

net pay—the amount of salary or wages paid to a worker after taxes and other deductions are taken off

net personal income—the money you receive after taxes and other deductions are taken off your paycheque

overtime pay—time worked in excess of the standard hours specified by law; for most employees, overtime begins after they have worked 44 hours in a work week; they must receive overtime pay at the rate of one and one-half (1.5) times the regular rate of pay or, if they agree in writing, time off in lieu of overtime pay

payroll deductions—amount of your salary deducted by an employer to pay for things like income tax, Canada Pension Plan, Employment Insurance, and possibly other taxable benefits (such as life insurance, medical plan, dental plan or private pension plan)

pay statement (also called **statement of earnings or pay stub**)—a slip of paper included with your pay that records how much money you have earned and how much tax or insurance etc. has been deducted from it

entrepreneur—the owner or manager of a business enterprise who, by risk and initiative, attempts to make profits

freelance employee—a freelancer (or freelance worker) is a self-employed person working in a profession or trade in which full-time employment is also common

HOUSING

amortization period—the period of time it will take to pay off a mortgage in full; the most common amortization period for a new mortgage is 25 years

closed mortgage—a mortgage agreement that cannot be prepaid or changed before the end of the term. Your lender may let you make certain prepayments without penalty, but you will usually have to pay a penalty to break your mortgage agreement

closing costs—costs in addition to the purchase price of the home, such as appraisal fees, legal fees or prepaid property taxes; these costs must be paid before you take possession of your home; they range from 1.5 to 4 percent of a home's selling price

down payment—the amount of money you deposit when you first buy your home; must be at least 5 percent of the purchase price, but can be more; amount of the down payment determines how much you need as a mortgage loan, and whether or not you will have to pay mortgage default insurance, which is required if you have a down payment of less than 20 percent of the purchase price

fixed interest rate mortgage—mortgage loan where the interest rate and payment amount do not change for a specific term

gross debt service (GDS) ratio—the percentage of your income before deductions (gross income) required to cover costs associated with a home, such as mortgage payments, property taxes and heating; as a general rule of thumb, GDS ratio should not exceed 32 percent of gross income

high ratio mortgage—a mortgage for more than 80 percent of the purchase price of a home; mortgage default insurance is required for a high ratio mortgage

Home Buyers' Plan (HBP)—a federal government program that allows first-time homebuyers to withdraw money from their Registered Retirement Savings Plans (RRSPs) tax-free to make their down payment or pay for other closing costs

mortgage—a loan (usually for buying a home) in which the lender can take possession of the property if the loan is not repaid on time; payments include the principal and interest, and may also include a portion of the property taxes

mortgage broker—an independent contractor who offers the loan products of different lenders; acts as agent for banks, trust companies, credit unions, mortgage corporations, finance companies and individual private investors; some lend only their own money and provide a direct source of mortgage funds

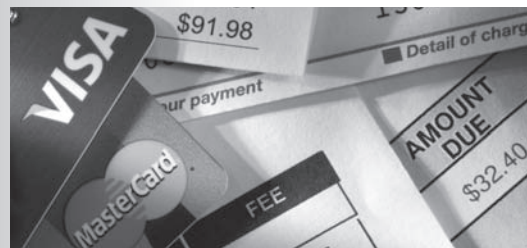
mortgage default insurance—protects lenders against mortgage default and enables consumers to purchase homes with little or no down payment

open mortgage—a mortgage that can be repaid at any time during the term, without penalty; the interest rate may be higher than on a closed mortgage with an equivalent term

term—the period of time your mortgage agreement will be in effect; at the end of the term, you either pay off the mortgage in full, renew it, or possibly renegotiate your mortgage agreement (for example, decrease your amortization period); terms are generally for six months to 10 years

variable interest rate mortgage—a mortgage with an interest rate that can vary during the term; the interest rate varies in line with changes in market interest rates; the mortgage payments can be fixed, or they could change with interest rates, depending on the terms of the mortgage

Banking



The activities in this section explore the topic of Canada's banking system, focusing on its major elements and principles as well as banking services. The activities present basic information on how the banking system works, and provide opportunities to analyse and discuss the various services and accounts offered by financial institutions.

The *Banking* section includes two sets of activities:

Canada's Banking System

Selecting a Bank Account

You can select activities to teach based on the needs and interest of the learners in your class. The activities can be used individually and need not be used in the sequence in which they are presented. You may also add your own activities where appropriate. Suggestions and ideas for extending or complementing the specific activities are included in the teaching notes.

The activities in this section relate to the following theme in *LINC 1–5 Curriculum Guidelines*:

- **Banking, Customer Service and Telephone**

Learning Outcomes

The sample learning outcomes below can help you plan a lesson or series of lessons about banking. The outcomes are intended to guide you in defining areas of content and contexts for the language instruction. The financial literacy outcomes can help you determine the aspects of financial literacy to include in your instruction in order to facilitate learners' understanding, knowledge and competence. The language outcomes can guide you in selecting and designing language activities at CLB 6–8 that support financial literacy.

The activities included in this section are intended to support the outcomes below.

Sample Financial Literacy Outcomes	Sample Language and Numeracy Outcomes
<p>Understanding and knowledge</p> <ul style="list-style-type: none"> • Understand vocabulary and concepts related to banking system and services • Understand how Canada's bank system work • Compare financial institutions and banking services they offer <p>Application</p> <ul style="list-style-type: none"> • Identify the main financial institutions in Canada • Identify/analyze own banking needs and routines • Select a bank account/plan/package for own use 	<ul style="list-style-type: none"> • Demonstrate comprehension of the gist, factual details and some implied meanings in a text about the Canadian banking system • Find online and present information about specific details of the Canadian banking system • Participate in a small group/class discussion about advantages and disadvantages of Canada's banking system; compare to banking systems in other countries • Identify factual details and implied meanings in a web-based text about advertising strategies • Give a short oral presentation about, or discuss, a selected bank plan/package

When planning a lesson or series of lessons, you can use the listed outcomes as they are or develop your own based on the needs and interests of the learners in your class. For ideas and strategies for conducting a needs assessment, see the *Instructor Guide*.

Background Information and Key Language Elements

You can use the background information about Canada's banking system to familiarize yourself with the key banking concepts and terms presented in the learner activities in this section. For sources of more information on the topic of banking or related classroom resources, please see the *Useful Websites* section.

The side bar below lists major language elements that you may want to introduce or review to support the thematic content of the activities.

Canada's Banking System

Banking systems vary greatly from country to country, and many newcomers will be interested in learning about the banking system in Canada. Canada's banking industry has remained stable throughout recent global economic crises. Learners may want to understand how Canada's banking system differs from those of the United States or other countries.

The *Bank Act* is the federal legislation that regulates all banks in Canada. It has created a common unified banking system and outlines the rules, regulations and procedures to be followed by all banks. Through the Office of the Superintendent of Financial Institutions, the Ministry of Finance, and the Bank of Canada, the federal government monitors and controls the activities of all banks in Canada.

Domestic ("Schedule I") banks operate under a unified, national branch banking system. Each bank has a head office in one of Canada's major cities as well as numerous bank branches across the country and abroad. This is quite different from the "unit banking" system of, for example, the United States, which is characterized by many separate local institutions. The advantage of the Canadian branch system is that it offers the same services to its customers in both large urban centres and small rural communities, providing financial links between major financial centres and small communities. It also allows banks to reduce their degree of risk: a poor economic situation in one area could be balanced by better economic conditions in another. Canada's domestic banking industry is currently dominated by "The Big Six"—the six major banks that hold the vast majority of all bank assets.

Selecting a Bank and a Bank Account

One of the first things that newcomers do when they arrive in Canada is open a bank account. Identifying the services they will need and comparing the services (and fees) offered by various financial institutions in their area may be confusing or frustrating. Learners may find it helpful to use a tool (such as the checklist provided in the activity *Selecting a Bank Account*) to analyze their banking habits and needs. Learners will also need to learn the terms used by various banks for the services, accounts and plans they offer, as well as common abbreviations used in bank statements. Some learners may even need to learn about basic banking practices, procedures and fees. Options for personal banking, such as Internet or mobile banking, may also be unfamiliar, and learners may want to learn about security features and possible risks.

Finally, while the choice of banks may be limited, the range of accounts, plans and services is wide. Learners should be encouraged to approach banking in the same way as they approach other services—that is, they should shop around for the best product at the best price. They should also know that it may be possible to negotiate banking fees, service charges and interest rates.

Key vocabulary

chartered bank
credit union
caisse populaire
the *Bank Act*
Bank of Canada
branch/unit banking
bank subsidiary
prime
bank rate
bank account/plan
direct deposit
in-branch
point-of-sale
passbook
bank draft
cash back
postdated cheque
mobile banking
overdraft protection
line of credit

Possible grammar structures

passive voice to describe
a concept or process

logical connectors: cause
and effect, reason

Objective(s) and CLB level

The objective of this series of activities is to familiarize learners with some of the concepts and terminology related to the Canadian banking system. The activities provide background information and opportunities for research and discussion. These activities are generally appropriate for learners at CLB 6 and higher.

Targeted financial literacy outcomes

The activities in this section and the activity ideas in the teaching notes will help learners achieve the following financial literacy outcomes:

- Understand vocabulary and concepts related to the banking system
- Understand how the Canadian banking system works
- Identify and select banking services and account/plan features for own needs

Corresponding CLB competencies

- 🗣️ CLB 6: Give detailed presentations about ... simple processes, or descriptions or comparisons ...
- 🗣️ CLB 6, 7: Ask for and give information in some detail; express opinions ... in small group discussions or meetings (CLB 6); give detailed information: express and qualify opinions ... in small group discussions and meetings (CLB 7).
- 📖 CLB 6–8: Understand moderately complex descriptive or narrative text (CLB 6), moderately complex extended descriptions, reports and narrations on familiar topics (CLB 7, 8), moderately complex feature articles (CLB 8).

Procedures

A. This is a warm-up activity that introduces the topic of the Canadian banking system using some related statistical data. Learners can work in pairs or small groups.

Elicit from learners what they know about the Canadian banking system and the banking system in the countries they come from or countries they are familiar with. Also, ask learners if they follow/understand the news on banking, interest rates, etc.

Answers:

1. 1 2. 77 3. 899 million 4. 3.4% 5. 6,175 6. \$11.1 billion 7. 274,120

B. The text in this activity provides introductory information about the foundations of the Canadian banking system: The *Bank Act*, branch system, and the Bank of Canada. More detailed information may need to be researched. You could assign this as a classroom or independent learning task.

Have learners read the text and say what they think the key ideas are; learners can discuss what each paragraph is about. Then learners can read again, focusing on specific details and answering questions.

The possible vocabulary items that may need explanation for CLB 6 learners include: *comprise, charter, merger, framework, stipulate, report to, monitor, subsidiary, assets, regulatory*.

C. This activity is based on Internet research and can be done in the classroom (if you have access to computers) or assigned as an independent learning task. Learners can take on one question only and prepare a brief presentation for the class. You can suggest the Canadian Bankers Association website as a source of current and reliable information: www.cba.ca.

D. These questions can be used for a small-group or class discussion. Learners can also select one topic and write one to three paragraphs about it, presenting information and their own opinion on it.

A. Read the trivia about the Canadian banking system. Discuss the facts that surprise you. Compare the facts to those in the country you come from.

1. _____ Canada's 2011 ranking by the World Economic Forum for the most sound banking system in the world (a ranking achieved four years in a row)
2. _____ number of banks in Canada
3. _____ number of transactions logged at bank-owned ABMs in Canada (2011)
4. _____ banks' contribution to Canada's GDP (Gross Domestic Product)
5. _____ number of bank branches across Canada
6. _____ dividend income paid in 2011 by Canada's banks to shareholders
7. _____ Canadians employed by bank industry (2011)

\$11.1 billion 6,175 77 899 million 1 274,120 3.4 %

B. Read the text and answer the questions that follow.

The Canadian Banking System

The Canadian banking system comprises chartered banks, trust companies, *caisses populaires* and credit unions. These institutions vary in the services they provide, the methods they use and how they work. However, they all operate under similar rules outlined in the *Bank Act*, first passed in 1871.

Through its rules and regulations, which are followed by all banks in Canada, the *Bank Act* has created a common, unified banking system. The *Bank Act* outlines the procedures for opening new banks and forming mergers, and it provides the framework within which banks can operate, including details about what they can or cannot do. The act stipulates that all banks report their financial activities to the federal minister of finance. The banks' operations are also monitored by the Office of the Superintendent of Financial Institutions (OSFI). The *Bank Act* is reviewed and revised regularly by the federal government to ensure that the act continues to meet society's needs.

All banks in Canada receive a charter, or the right to operate, from the federal government. Only a chartered institution can operate under the *Bank Act* and call itself a "bank." Altogether, there are 77 banks in Canada (2011): 23 domestic banks (Schedule I banks), 26 foreign bank subsidiaries (Schedule II banks), 23 full-service foreign bank branches and five lending foreign bank branches (Schedule III banks). Schedule I banks are authorized to accept deposits, which may be eligible for deposit insurance provided by the Canadian Deposit Insurance Corporation. Schedule I banks are owned by Canadian shareholders. The core of this group is formed by the "Big Six"—the country's major banks holding the vast majority of all bank assets. Schedule II and III banks are allowed to hold only a limited amount of assets. These limits are set by the federal government.

Schedule I banks operate under a unified, national branch banking system. Each bank has a head office in one of Canada's major cities and numerous bank branches across the country as well as abroad; this is quite different from "unit banking," where the banking system is formed by many separate local institutions (e.g., in the United States). The advantage of the branch system is that it offers the same services to customers in large urban centres as well as small rural communities, providing financial links between major financial centres and small communities. Also, through its many branches, banks can reduce the degree of risk: a poor economic situation in one area could be balanced by better economic conditions in another. All branches, no matter how remote, are supported by the services of the bank's head office.

The Bank of Canada plays an important role in the Canadian banking system. It is not a chartered bank and it doesn't offer direct services to the general public; instead, it monitors the Canadian dollar and stabilizes the Canadian economy. Its most important function is regulatory: it raises or lowers the primary lending rate, also called the bank rate, in order to regulate the money supply. The bank rate (or *the prime*), announced a few times a year, is a guideline for chartered banks to raise or lower their interest rates to customers. With low interest rates, many borrowers take out loans; with rising interest rates, businesses and consumers do not borrow money as willingly.

1. What is the role of the *Bank Act*?
2. How are banks in Canada monitored?
3. How are banks in Canada classified? What are the differences between these groups?
4. What is branch banking?
5. What is unit banking?
6. What is the role of the Bank of Canada?
7. How does the prime affect how people and businesses borrow money?

C. Search the Internet to find answers to the following questions. Present and discuss your findings.

1. What is the current bank rate? What interest rates are offered by the banks in your community?
2. Name Schedule I banks that are in your community.
3. Give examples of Schedule II banks that you know of.
4. What are the "Big Six"?
5. Research a selected Schedule I bank and a selected Schedule II bank. Compare the services they offer.

D. Discuss the questions below in small groups.

1. What is the banking system in the country you come from? How is it regulated/monitored?
2. What are the advantages and disadvantages of Canadian branch banking?
3. How is banking in Canada changing? What factors are affecting these changes?

Objective(s) and CLB level

The objective of this series of activities is to familiarize learners with some of the concepts, terminology and strategies related to selecting a bank account. The activities provide practice in vocabulary use, reading and speaking. These activities are generally appropriate for learners at CLB 6 and higher.

Targeted financial literacy outcomes

The activities in this section and the activity ideas in the teaching notes will help learners achieve the following financial literacy outcomes:

- Understand vocabulary and concepts related to bank accounts and related services
- Identify their own banking needs and routines
- Compare banking services in order to make choices for personal use

Corresponding CLB competencies

- 🔊 CLB 6: Demonstrate comprehension of details and speaker's purpose in suggestions, advice, encouragement
- 🗣️ CLB 6: Describe and compare people, places, etc.; describe a simple process.
- 🗣️ CLB 7: Describe, compare ... two events, procedures ...
- 🗣️ CLB 6/7: Participate in a small group discussion on non-personal familiar topics and issues: express opinions ...reservations, approval and disapproval (CLB 7).

Procedures

A. This activity gives learners an opportunity to consider their own needs, routines and expectations related to banking. You can preface it with a short discussion of the major factors that determine the choice of both bank and account type: needs, convenience, cost. You can also ask learners to describe how they selected the account they have and what prompted their decision.

Go over the worksheet with learners and elicit/discuss the vocabulary/terminology included. (See part F for vocabulary items.) For additional language practice, ask learners to prepare a glossary for the worksheet; learners could write definitions of the specific terms (e.g., *pre-authorized payment*, *direct payroll deposit*, *travellers' cheques*, *overdraft protection*, *passbook*, etc.). Discuss *Things to Consider* included on the form. Learners can complete the form and present/discuss their choices in pairs.

Extend this activity: learners can survey the class on banking needs and routines. They develop the questions and, after gathering the information, consolidate the results and present in a table or graph.

The worksheet can also be used outside the classroom for learners' own purposes. Learners can conduct online research and locate articles, tips or tools on how to select an account.

B. Learners can work in pairs and prepare a list of general and specific questions. List all questions on a poster or on the board.

C. This activity provides learners with an opportunity to compare the information gathered from different financial institutions. Learners can approach this activity as an independent learning task; they can collect the needed information by conducting online research or visiting the specific banks and interviewing a customer service representative using the questions from part B. Depending on learners' interest, you can have them explore similar accounts in different institutions, or simply research what is available. Ask learners to present their findings and discuss the process and results, e.g., *Was it easy to get all the information? Was the online information sufficient?* Etc.

Selecting a Bank Account

D. The purpose of this activity is to have learners think critically about and discuss the specific circumstances, and make choices based on the provided information.

Learners can discuss the profile and make a list of basic needs and extras for the couple. Based on that, they can make recommendations for the most suitable bank account services/options.

You can also ask learners to discuss: *How can the couple's personalities affect their financial routines/choices? Which factor had the biggest weight in their decision: needs, cost or convenience?*

Extend this activity: learners can write other profiles and determine the most suitable bank account and its options. Learners can also prepare their own profiles and ask their classmates to recommend the most suitable bank account/plan.

E. Learners can also do online research and find related articles or tips.

F. This is a vocabulary revision game that can be played as a class or in small groups. Learners can draw a piece of paper with one term and provide its definition. The game can also be played as Jeopardy: learners in groups volunteer to give definitions and collect points.

Beyond the classroom: Learners can analyze their existing bank account (how it's used, what it costs) and assess its effectiveness. They can also compare it with other bank accounts/plans they've researched.

A. Gather information about your banking needs (e.g., review your bank statements, analyze your banking routines/habits) and complete the table below.

<p>Discount Categories:</p> <p><input type="checkbox"/> youth (under 19)</p> <p><input type="checkbox"/> student</p> <p><input type="checkbox"/> senior</p> <p><input type="checkbox"/> newcomer</p> <p>Banking Needs:</p> <p><input type="checkbox"/> savings</p> <p><input type="checkbox"/> chequing</p> <p><input type="checkbox"/> savings and chequing</p> <p>Typical Balance Maintained:</p> <p>\$ _____</p> <p>Number of Deposits Per Month:</p> <p><input type="checkbox"/> in-branch</p> <p><input type="checkbox"/> automated banking machine (ABM)</p> <p><input type="checkbox"/> direct payroll deposit</p> <p><input type="checkbox"/> direct deposit, e.g., GST refunds</p> <p><input type="checkbox"/> Total number of deposits</p>	<p>Number of Withdrawals/Bill Payments Per Month:</p> <p><input type="checkbox"/> cheques written</p> <p><input type="checkbox"/> in-branch cash withdrawals</p> <p><input type="checkbox"/> ABM—own bank</p> <p><input type="checkbox"/> ABM—another bank</p> <p><input type="checkbox"/> pre-authorized payments</p> <p><input type="checkbox"/> point-of-sale debit card</p> <p><input type="checkbox"/> transfers between accounts</p> <p><input type="checkbox"/> bills paid in-branch</p> <p><input type="checkbox"/> Total number of withdrawals</p> <p>Record-Keeping Options:</p> <p><input type="checkbox"/> monthly statement — cheques returned</p> <p><input type="checkbox"/> monthly statement only</p> <p><input type="checkbox"/> monthly statement — photocopies of cheques</p> <p><input type="checkbox"/> monthly statement—online</p> <p><input type="checkbox"/> passbook</p>	<p>Method Used To Pay Bills:</p> <p><input type="checkbox"/> in-branch</p> <p><input type="checkbox"/> ABM</p> <p><input type="checkbox"/> telephone banking</p> <p><input type="checkbox"/> pre-authorized payments</p> <p><input type="checkbox"/> cheque</p> <p><input type="checkbox"/> online</p> <p>Other Banking Services:</p> <p>Other Banking Services:</p> <p><input type="checkbox"/> safety deposit box</p> <p><input type="checkbox"/> travellers' cheques</p> <p><input type="checkbox"/> telephone banking</p> <p><input type="checkbox"/> online banking</p> <p><input type="checkbox"/> mobile banking</p> <p><input type="checkbox"/> overdraft protection</p> <p><input type="checkbox"/> credit cards</p> <p><input type="checkbox"/> money orders</p> <p><input type="checkbox"/> foreign currency</p> <p>Other Considerations:</p> <p>(e.g., hours of service, location)</p>
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Things to consider:

1. Many banks waive service fees if you maintain a minimum balance.
2. Consider a monthly fee plan to reduce the cost of transactions.
3. Many transactions are now cheaper if done at an ABM instead of at the counter in the branch.
4. Use your bank's ABM to avoid paying Interac fees.
5. Making one weekly withdrawal instead of more frequent ones saves on withdrawal fees.
6. Bill payments made at ABMs can sometimes be combined into one transaction, incurring only one bill payment charge.
7. It may be cheaper to use your debit card when shopping instead of writing cheques.
8. Most banks have special discounts for youth, students and seniors. Some banks offer special accounts for newcomers to Canada.
9. Pre-authorized payments may be the cheapest.
10. Using telephone or PC banking saves time and transportation costs.

Adapted from: Credit Canada Debt Solutions

B. Make a list of questions you would ask a customer service representative when opening an account with a financial institution.

C. Using your banking needs analysis from part C, gather information about accounts/plans offered by different financial institutions (e.g., interview a customer service representative, read online information), and complete the chart below. Discuss/compare your findings in small groups.

Name of institution	#1	#2
Name of account/plan/package		
Features of the account <i>e.g., number of transactions</i>		
Total cost per month		
Additional services and other considerations <i>e.g., hours of operation, location, etc.</i>		

Adapted from: Credit Canada Debt Solutions

D. Read the profile below and find a suitable account/plan/package for it. Discuss the couple's needs and routines, and consider costs involved.

Gina and Greg are newcomers to Canada. Gina has a full-time job and gets paid through direct payroll deposit every two weeks. Greg works full-time, too. He receives paychecks every two weeks and occasionally gets paid in cash for extra assignments. Major expenditures for Gina and Greg are: monthly rent, utilities, car insurance premiums, telephone, Internet and cable fees, and grocery shopping. Gina likes the convenience of online banking and rarely uses cash. Greg is more conservative and prefers to pay for most of his purchases in cash. Greg is well-organized and likes to make a plan and stick to it. Gina is more spontaneous and carefree, and likes to spend money on an impulse. Their financial goal is to save money for their first home.

E. With a partner, brainstorm and make a list of tips on how to minimize banking fees. Give examples from your experience.

Example: *Maintain a minimum monthly balance.*

F. Banking words game.



chequing account	debit card	postdated cheque	joint account
cash back	direct payment	certified cheque	credit union
pre-authorized debit	credit card	bank draft	PIN
overdraft protection	travellers' cheques	safety deposit box	mobile banking
line of credit	NSF cheque	ABM	minimum balance

Credit



The activities in this section explore the topic of credit and related concepts. The activities present basic information on various forms of credit, including what good and bad credit is and how credit cards work. The activities also provide opportunities to analyse and discuss strategies for building a good credit rating and handling debt problems.

The *Credit* section includes four sets of activities:

Credit

Credit Cards

Credit History

Debt

You can select activities to teach based on the needs and interest of the learners in your class. The activities can be used individually and need not be used in the sequence in which they are presented. You may also add your own activities where appropriate. Suggestions and ideas for extending or complementing the specific activities are included in the teaching notes.

The activities in this section relate to the following theme in *LINC 1–5 Curriculum Guidelines*:

- **Banking, Customer Service and Telephone**

Learning Outcomes

The sample learning outcomes below can help you plan a lesson or series of lessons about credit. The outcomes are intended to guide you in defining areas of content and contexts for the language instruction. The financial literacy outcomes can help you determine the aspects of financial literacy to include in your instruction in order to facilitate learners' understanding, knowledge and competence. The language outcomes can guide you in selecting and designing language activities at CLB 6–8 that support financial literacy.

The activities included in this section are intended to support the outcomes below.

Sample Financial Literacy Outcomes	Sample Language and Numeracy Outcomes
<p>Understanding and knowledge</p> <ul style="list-style-type: none"> • Understand vocabulary and concepts related to credit • Understand how credit and compound interest work • Identify advantages and disadvantages of using credit • Recognize own responsibility when dealing with credit • Recognize key elements of creditworthiness (the “three Cs” of creditworthiness) • Understand how lenders qualify potential borrowers for different forms of credit • Be aware of warning signs of debt <p>Application</p> <ul style="list-style-type: none"> • Identify and select specific type of credit suitable for own needs • Evaluate consequences of using different forms of credit • Select a credit card suitable for own needs and financial habits • Identify ways to build own credit history • Identify steps to prevent getting into debt 	<ul style="list-style-type: none"> • Demonstrate comprehension of the gist, factual details and some implied meanings in a talk about credit • Participate in a small group/class discussion about advantages and disadvantages of using different forms of credit • Identify factual details and implied meanings in a web-based text about advertising strategies • Describe how credit works and how its variables affect the total cost • Calculate the cost of credit using online calculators • Identify key ideas, specific details and implied meanings in promotional materials for credit cards • Demonstrate comprehension of the gist and the details in a talk about selecting a credit card; understand warnings and advice • Give a short oral presentation about a selected credit card; present its features • Locate information on credit reports in a web-based resource • Interpret statistical data about debt; present conclusions orally or in writing (paragraph format)

When planning a lesson or series of lessons, you can use the listed outcomes as they are or develop your own based on the needs and interests of the learners in your class. For ideas and strategies for conducting a needs assessment, see the *Instructor Guide*.

Background Information and Key Language Elements

You can use the background information about advertising to familiarize yourself with the key terms, concepts and processes involved in credit that are presented in the learner activities in this section. For sources of more information on the topic of credit or related classroom resources, please see the *Useful Websites* section.

The sidebar below lists major language elements that you may want to introduce or review to support the thematic content of the activities.

Credit and Credit History

For most Canadians, credit is an accepted fact of life. It is difficult to imagine life without credit—we use credit cards, get mortgages, finance cars and take out student loans. However, we may not stop to think about exactly how different forms of credit work and how much we pay for the convenience of buying now and paying later. Newcomers will likely notice advertising for products such as credit cards specifically designed for recent immigrants. Some newcomers may be uncomfortable or unfamiliar with the concept of credit or with different forms of credit and how they may best be used. It is very important that newcomers are able to identify the advantages and disadvantages of credit in order to make informed decisions.

Very recent immigrants may also face difficulty getting credit since they have not yet established a credit history in Canada. It will be helpful for these learners to know how to establish a good credit history, and to understand its importance to their future plans, such as applying for a mortgage or car loan. In Canada, information about a person's credit activities are sent to two reporting agencies, Equifax and TransUnion. This information becomes the basis of a credit history. Credit history may be reported in the form of a credit score or a credit report. Newcomers will find it useful to learn the factors that affect credit history as well as how lenders assess creditworthiness.

Credit Cards

Credit cards may be seen by some newcomers as status symbols. Others may regard them as necessary evils. Whatever the perception may be, the choice of a particular credit card must be considered carefully. Learners need to understand how credit cards work in general, and what the terms and conditions for specific cards are. Credit cards are financial products, and consumers need to do their homework by researching and comparing the features of different credit cards before making decisions about them.

For those unfamiliar with using credit cards, it may be useful to learn how interest charges are calculated. When the balance is paid in full and on time, credit cards work like interest-free loans. Taking advantage of interest-free credit makes good financial sense. However, carrying a balance on a credit card may cost much more than a consumer realizes, because of the way in which interest is calculated. It may also be instructive to compare the price of a purchase with the final cost when only the minimum monthly payments are made. Credit card debt is a growing problem in Canada, and newcomers need to be aware of the pitfalls of having and using credit, in order to avoid future financial problems. Security is also a serious concern; credit card holders need to take appropriate steps to safeguard and protect all credit cards.

Debt

Household debt in Canada is at an all-time high and continues to grow. Strategies for avoiding or decreasing one's debt burden are essential for all Canadians, including newcomers. However, it is also important to distinguish between "good debt" (e.g., to purchase a property that will appreciate in value) and "bad debt" (e.g., to pay for a luxury vacation you cannot afford). It may be useful for newcomers to recognize the factors that influence borrowing, including the culture of consumerism, interest rates and attitudes toward debt. Recognizing the warning signs that someone may have too much debt is also important, as is finding ways to pay down debt or getting credit counselling.

Key vocabulary

line of credit
layaway plan
term loan
mortgage
principal
interest rate
variable rate
term
collateral
credit rating
grace period
annual fee
balance transfer
credit limit
secured credit
reward program (credit card)
credit capacity
outstanding debt
bankruptcy
credit report
credit core
debtor
creditor
good/bad credit

Verbs and verb collocations

to buy on impulse
to afford payments
to repay/pay back credit
to charge interest
to grant credit
to deny credit
to apply charge
to fluctuate
to reduce risk
to consolidate debt

Possible grammar structures

passive voice to describe a concept or process

Objective(s) and CLB level

The objective of this series of activities is to familiarize learners with the terminology, concepts and mechanisms related to credit. The activities provide practice in vocabulary use, reading and speaking, and are generally appropriate for learners at CLB 6 and higher.

Targeted financial literacy outcomes

The activities in this section and the activity ideas in the teaching notes will help learners achieve the following financial literacy outcomes:

- Understand vocabulary and concepts related to credit (e.g., *principal, interest rate, term, to default on a loan payment, etc.*)
- Understand how credit works and how compound interest is calculated
- Identify advantages and disadvantages of using credit

Corresponding CLB competencies

- 🗣️ CLB 6: Understand moderately complex communication intended to influence or persuade (such as suggestions, advice, encouragements) in everyday personally relevant situations.
- 🗣️ CLB 6: Ask for and give information in some detail: express opinions, feelings, obligation, ability, and certainty in small group discussions ...

Procedures

A. This is a warm-up activity that introduces the topic of credit. Learners can discuss the questions in pairs or small groups. You can also ask learners to present various cultural and personal attitudes towards credit; in many cultures, credit has a negative connotation.

B and C. The purpose of this activity is to analyze and discuss advantages and disadvantages of credit in general. Have learners provide specific examples, e.g., *Convenience—when and where it would be more convenient to use credit, what type of purchases, what type of credit, etc.* Examples: *travel to another country—credit card; everyday shopping—credit card; no need for cheques or cash; provides a record of all purchases for more control over spending, etc.* You can elicit some examples from the class before learners start working in pairs or groups. Explain the concepts of credit history and credit rating if learners are unfamiliar with them.

D. Learners can work in pairs or small groups. Ask them to consider different types of purchases and credit used, e.g., using a line of credit, paying with a credit card, or taking out a personal loan.

Possible questions:

Is it an impulse buy?

How much could I save if I paid cash?

How long would it take me to save money to buy it?

How safe is it for me to use credit?

If I use credit, how much interest will I pay?

How long will it take me to repay the credit?

How will this credit affect my budget?

Will I be able to afford the payments?

Credit

E. This activity introduces/reviews some terminology related to credit. Other types of credit that could be added to the list are: a demand loan (works like a line of credit), charge account (e.g., *the Bay* or *Canadian Tire card*), travel and entertainment card (*Diners Club*, *American Express*). You could also mention payday loans and pawn shop loans, which are not part of the financial system but may be used by some learners or people they know. If there is enough interest in the class, you could add an activity informing them about these types of credit and the risks they involve.

Extend this activity: Learners can research and present information on a specific type of credit of their choice; some resources include: <http://www.fcac-acfc.gc.ca>; <http://www.getsmarteraboutmoney.ca>; websites of financial institutions. Learners can also visit a local financial institution to obtain information.

Answers:

1. d 2. e 3. f 4. a 5. c 6. b

F. This listening activity provides learners with background information on how credit works and reviews/introduces the related vocabulary items. If the words in Part G are new to the learners in the class, work on Part G first, then move on to Part F. In addition to the True/False exercise, you can ask comprehension questions about the specific details in the text.

Answers:

1. T 2. F 3. F 4. T 5. F 6. T

Transcript

A: Today our guest speaker is Gina, a credit counsellor from the Neighbourhood Agency. Hello Gina!

B: Hello, it's a pleasure to be here.

A: Our topic for today is credit. We hear it all the time: Is it going to be credit or debit? Or: Buy now, pay later! Everybody uses credit.

B: That's true. And it's not only consumers, but also small businesses, large corporations, and governments. Credit allows us to buy things, start a new business, or provide services. Everybody who uses it benefits from it in some way.

A: So, Gina, what exactly is credit?

B: Well, credit is using somebody else's money for a set period of time at a certain cost. A creditor grants a loan or sells on credit, and a debtor receives a loan or buys on credit. Using credit is simply a transaction between these two parties. This transaction involves specific conditions that both parties agree on, such as the principal, or the amount that is borrowed, the interest rate and total interest charged, and the term—a period of time for which the credit has been granted. Using credit has many advantages and disadvantages but it's entirely up to us how it will affect our financial situation.

A: Could you explain that, Gina?

B: For example, credit can be a very helpful instrument in a financial plan but it can also cause money trouble. If it is used wisely, it helps people make large purchases, realize their goals in life, or maintain a certain standard of living. On the other hand, for people who borrow beyond their ability to repay, the debt becomes a burden, and can cause serious financial problems.

A: So, should we avoid using credit whenever possible?

B: Oh, no, I wouldn't say that. But we need to know what our options are and make sure that we use the type of credit that is right for our budget and needs. Remember, different types of credit work in different ways.

A: Can you give us an example?

B: Ok, So, let's say we want to buy some furniture. We can have a few options here: we can use a credit card, or a store card, also known as a charge account. We can use an installment plan if the store offers it. We can take out a personal loan from the bank or other financial institution; and, finally, we could use a line of credit if we have it. Each of these types of credit has its own characteristics that you need to be aware of. They can offer you different advantages and disadvantages and you need to decide what is good for you. For example, a credit card: You can use it at any time and as long as you can pay the amount in full, it is a good option; otherwise, the interest charged will be huge and it would increase the total cost remarkably. Or, let's say, a personal loan. You need to apply for it and you may or may not get it. If you do, you repay your debt in regular payments for a certain term you agreed on.

A: And what about a line of credit?

B: A line of credit would probably be the most flexible and cost-effective option for most debtors. A line of credit is like an instant loan that you can repay whenever you want—you can pay it back in installments or in a lump sum. But you need to apply for it in advance and it's quite difficult to get it without an excellent credit rating or collateral.

A: I see. Now, could you tell us more about the cost involved in getting credit?

B: Sure. The cost is simply the amount of interest that consumers pay for using credit. This cost is affected by several factors. The principal, or the amount of money borrowed, is the main factor. The larger the principal, the bigger the risk, and, consequently, the higher the cost of borrowing. Other factors include the term, the interest rate, the debtor's credit rating, or even the current economic climate.

A: Can you tell us a bit about interest rates?

B: Yes. An interest rate is simply the percentage at which a charge is applied to credit. You can have a loan with the same interest rate for the whole term; you can also have credit with a variable interest rate—the interest rate fluctuates with the prime. This type of interest rate is common in mortgage loans, which are usually based on a long term.

A: So how does the term affect the cost of credit?

B: Well, short-term loans, such as loans under one year, generally have lower interest rates. The longer the term, the bigger the risk—lenders cannot predict interest rates or economic conditions and usually charge higher interest rates. Also, the more payments you make, the more interest pay. So, it is wise to make fewer larger payments rather than more smaller payments.

A: Oh, really?

B: Yes, creditors do not calculate the interest on a loan in a simple way. What they do is they apply the interest to the outstanding amount and consider the amount that has been paid off. Also, in many cases, payments made go towards repaying the interest rather than the principal. As you continue making payments, this shifts and the bigger portion of payments goes towards repaying the principal.

A: You also mentioned collateral. How does it affect credit?

B: Collateral is a guarantee for a repayment of credit—it can be a home, a car, or stocks. It is not always required, but it will be when a loan has large principal or a borrower's credit rating is not very good. Collateral simply reduces the risk for the lender because he can use it when the borrower fails to repay the loan.

A: And finally, credit rating. What is it?

B: A credit rating is an assessment of a borrower's creditworthiness; it includes a report produced by a credit bureau. A credit rating is used by lenders to determine whether or not they are going to give credit to a borrower, and at what rate.

A: This has been very informative, Gina. Would you like to add to what you've said?

B: Yes, as a newcomer to Canada it may be difficult for you to establish any credit rating at all, so you may need to take out a small loan or get a credit card to prove that you have the ability to repay debt. And remember: Be informed when you enquire about credit; know your repayment schedule and total interest charges. Financial institutions compete for customers and may offer you different interest rates and conditions. And always keep in mind what you can afford.

G. Ask learners to take notes while listening and write definitions based on their notes. Learners can work on this in pairs. If you have access to the Internet in your classroom, ask learners to compare their definitions with those in online dictionaries or glossaries of financial terms. As a follow-up, learners can write sentences with those words.

H. The purpose of this activity is to explore various factors that can affect the cost of credit. Learners can work in small groups. Have them make a list of their own ideas before using the list provided in the activity. Some other factors may include the *debtor's buying/spending habits*, or *type of financial institution granting credit*. Learners can make statements demonstrating the relationships between two or more factors.

I. This task can be done in the classroom or as an independent learning assignment. There are many online loan calculators, including car, student and mortgage loan calculators. Learners can take notes of their findings and report the results to the class.

Extend this activity: Invite a guest speaker from a local financial institution to speak about different types of credit available and special programs for newcomers. Ask learners to prepare questions and to ask them during the presentation. Learners can also take notes and write a point-form or paragraph-form summary of the content.

Beyond the classroom: Learners can research different types of credit available locally and consider the types that they would find suitable for their financial needs. They could also make a list of questions to ask when applying for a specific type of credit.

A. Discuss answers to the questions below.

1. What is credit and who uses it?
2. Why do consumers and businesses use credit? Give examples.
3. What are the main advantages and disadvantages of using credit?

B. Read the list of some of the benefits of using credit. Explain each benefit and give examples. Add other benefits. Rate all the advantages in order of importance.

Convenience:

Emergencies:

Immediate use/enjoyment:

Savings:

Credit history and rating:

C. Read the list of some disadvantages of using credit. Explain each disadvantage and give examples. Add other disadvantages.

Do you think the advantages can outweigh the disadvantages? Why? Discuss.

Financial problems:

Overspending:

Cost:

Impulse buying:

D. Imagine you are going to make a large purchase on credit. Make a list of questions you could ask yourself to help you determine if you're making the right decision.

Example: *Can I afford this?*

Have I done enough research and made sure that I'm paying the right price?

E. Match the names of some of the common forms of credit with their definitions. Add other types of credit you know of and discuss when you would use each type of credit.

- | | |
|------------------------|---|
| 1. ____ credit card | a. a type of consumer loan guaranteed by the government; usually interest-free until six months after graduation |
| 2. ____ line of credit | b. a long-term credit plan for purchase of a home, where the property is the collateral for the loan |
| 3. ____ layaway plan | c. a loan used to finance purchases, where the consumer agrees to make fixed monthly payments over a set period of time, usually one to five years |
| 4. ____ student loan | d. revolving credit available at any time, where the consumer must pay at least a minimum monthly payment and interest is charged on the unpaid balance |
| 5. ____ term loan | e. a type of credit available at any time, with flexible terms of repayment; it can be secured or unsecured |
| 6. ____ mortgage loan | f. credit from a store, where the customer makes equal payments for a set number of months until the price has been paid in full |

F. 🎧 Listen to the talk about credit and decide if the statements below are true or false.

1. A creditor is someone who grants a loan or credit.
2. Credit will always have a negative impact on your financial situation.
3. All types of credit work the same way.
4. A credit card is a good option for consumers who can pay the borrowed amount in full.
5. A personal loan can offer you great flexibility.
6. The longer the term, the riskier the loan for the creditor.

G. 🎧 Listen again and write definitions of the following terms mentioned in the talk.

principal:

term:

interest rate:

collateral:

variable interest rate:

credit rating:

H. In pairs, discuss what factors affect the cost of credit, and how. Compare with the list below. Make statements to express the relationships between the specific factors.

principal	debtor's credit rating
term for repaying the loan	collateral
current interest rates	current economic situation and inflation

Example: *The longer the term, the riskier the loan and the more total interest you will pay.*

I. ① Search the Internet for online loan calculators and calculate the total cost of credit using different variables (e.g., principle, term, interest rate). Discuss your findings with a partner.

Objective(s) and CLB level

The objective of this series of activities is to familiarize learners with terminology, concepts and mechanisms related to credit cards. The activities provide practice in vocabulary use, reading and speaking, and are generally appropriate for learners at CLB 6 and up.

Targeted financial literacy outcomes

The activities in this section and the activity ideas in the teaching notes will help learners achieve the following financial literacy outcomes:

- Understand vocabulary and concepts related to credit cards (e.g., *principal*, *interest rate*, *term*, *to default on a loan payment*, etc.)
- Understand how credit cards work and how compound interest is calculated
- Identify advantages and disadvantages of various credit cards and their features
- Select a credit card suitable for own needs

Corresponding CLB competencies

- 🗣️ CLB 6: Understand moderately complex communication intended to influence or persuade (such as suggestions, advice, encouragements) in everyday personally relevant situations.
- 🗣️ CLB 6: Ask for and give information in some detail: express opinions, feelings, obligation, ability, and certainty in small group discussions ...
- 🗣️ CLB 6: Give detailed presentations about ... descriptions or comparisons of people, places, etc.
- 📖 CLB 6–8: Access, locate and compare (CLB 6) or integrate (CLB 7, 8) information from online reference sources.
- 📖 CLB 6–8: Get information from moderately complex business/service texts containing advice, ... or detailed specifications (CLB 6), assessments, evaluations and advice (CLB 7), recommendations and statements of rules, regulations or policies (CLB 8).

Procedures

A. This is a warm-up activity that introduces the topic of credit cards. You can start by eliciting names of credit cards learners know of and asking about current credit card interest rates. Learners can discuss the questions in pairs or small groups.

Extend this activity: Ask learners to prepare a quiz about credit cards and survey the class.

B. This is a vocabulary practice providing definitions of terms used in credit card agreements and statements. Learners can write their own sentences to illustrate the meanings.

Answers:

1. j 2. i 3. b 4. g 5. a 6. h 7. c 8. e 9. d 10. f

Credit Cards

C. The text in this listening activity provides background information about credit cards and various aspects of using them. Have learners listen to the recording at least twice; learners can summarize the information they heard in point or paragraph format.

Transcript

Credit cards are convenient and flexible financial tools that can offer many benefits to the credit card holder, but also carry some risks. Essentially, a credit card gives you a short-term loan. Every time you make a purchase using your credit card, you borrow money from the credit card company (also called a card issuer). Every month the issuer sends you a statement listing all your transactions, the amount you owe and the due date for paying your bill. This date is usually 21 days after the bill is issued, which gives you a 21-day grace period. If you pay the indicated amount in full, you incur no extra charges. However, if you pay only the required portion of the balance (the so-called minimum), and pay the rest later, you will have to pay interest charges, which, depending on the card, can be substantial.

In general, you won't be charged transaction fees for using a credit card for your purchases; but if you use your card to get a cash advance, the interest charges will be applied from that moment until you repay the advance in full. And those charges will be likely much higher than for any other type of loan! You will also have to pay extra fees if you make foreign currency transactions. These fees may vary for different card issuers and types of cards.

Every credit card comes with a credit limit. This is the maximum amount you can use at a time. You can use your card until you reach the limit. Once you pay your balance in full, the limit is available to you again. If your credit history is short or you have no credit history at all, the issuer will offer you a very low credit limit. Once you prove that you are a good credit risk, your credit limit will go up. However, it is not necessarily a good thing to have a card with a large credit limit. Many users actually prefer to keep their credit limit low because it is more manageable and helps them avoid overspending!

In order to get a credit card, you need to apply for one. During this process, the issuer will check your credit history and income, and assess whether you can afford the loan and have the ability to pay it back. You may be charged a higher interest on late payments or even have your application declined if your credit history is not good. Once your application is accepted, you will receive a credit card and the terms and conditions it comes with. You need to read them very carefully and be aware of any restrictions, repayment rules, interest charges and special features.

It is also important that you check your credit card statement every month, so that you can detect errors or fraud. You will need to check your statement against each purchase receipt and make sure they match. If they don't, you can dispute the charges and avoid being overcharged.

D. This quiz introduces learners to some specific details of credit card features and terms. Learners can conduct research if they are unsure of correct answers. Extend the activity: learners can search the Internet for more quizzes on credit cards and do them (sample search term: *credit card quiz*).

Answers:

1. a 2. b 3. b 4. b 5. a 6. b 7. a 8. b 9. b 10. a 11. b 12. b

Credit Cards

E. Learners can discuss and write advice on using credit cards in the form of an article for a class newsletter. They can also research safety tips online (suggested search term: credit card safety tips).

F. The objective of this activity is to familiarize learners with the language used in credit card agreements and provide comprehension practice. You can divide the class into two groups and assign a different excerpt to each; alternatively, learners can work in groups of four, with each pair working on a different excerpt and reporting the info to the other pair of learners. You could also walk the class through the first excerpt and ask them to work independently on the other one. Ask learners to focus on overall comprehension and then move on to vocabulary and structures. You can point out the use of passive voice and use it as a springboard for further practice.

I. This activity can be done in class or as an independent learning assignment. Sample credit cardholder agreements can be found on many Canadian banks' websites. Learners could scan a sample of their choice and make a list of sections (they usually have headings).

Extend this activity: Learners could also access sample credit card statements and scan both pages for the details relating to interest charges, fees, due date, minimum payment, etc.

K. Before learners perform this task, ask them to make their own list of factors they would consider before selecting a credit card to apply for. They can also work in small groups or pairs.

L. This listening activity presents information about types of credit cards and benefits they offer. Have learners discuss various types of cards and associated programs and benefits before they listen to the talk. Learners can answer comprehension questions or practise note taking.

Transcript

There are many different kinds of credit cards, each with different features and terms of use. In general, you can choose from three types of credit card accounts: bank-issued cards, such as Master Card or Visa), store cards (for example, The Bay or the Canadian Tire) and travel and entertainment cards, like Diner's Club. To choose the card that is right for you, you need to consider and compare the three main areas: interest rates, fees, and rewards and benefits.

Bank-issued cards, including regular, gold and platinum are offered by many Canadian financial institutions and present consumers with a range of choice in fees, rebate and reward programs as well as additional benefits such as insurance. Their interest rates on unpaid balances can vary from as low as 10 percent to as high as 24 percent and their fees can range from 0 to \$150 or more annually.

Store cards are those accepted only at the associated retailer or service company outlets such as department stores or gas stations. Typically, they have very high interest rates, even up to 30 percent, on outstanding balances but they usually don't have annual fees. These cards offer rebates, discounts and special offers tied to the issuer.

Travel and entertainment credit cards are charge cards, which means they work in a slightly different way: each month, when you receive your bill, you must pay off the balance in its entirety. If you are unable to pay the balance, you'll be charged a high penalty interest charge. While these cards also have high annual fees, they usually offer generous reward programs and long grace periods.

When choosing a card, you will also need to consider fees and charges that can be laid by the issuer for the use of the card. These fees may include not only annual fees and interest charge on unpaid balance, but also annual fees for additional cards, fees for cash advances, NSF cheques, and charges for going over your limit or higher interest rates for missed payments. You can compare these costs using an online tool to get a better sense what

you can expect when using a specific card.

Other features you may want to compare are any reward programs and benefits they offer. Always compare the value of additional rewards to the annual fee and consider if they are worth getting. The rewards or benefits may sound attractive, but consider if and how often you will use them, how long it will take you to earn a reward, or how much you will have to spend to get it. For example, if you travel a lot and use car rentals, consider getting a card that will give you car rental insurance, calculate how much you would have to pay for insurance without this card, and compare to the card's annual fee to see if it's worth getting.

To help you limit your options before you start comparing cards, first analyze your needs and wants. Ask yourself how much you can afford to put on a credit card, whether you will be able to pay the balance in full each month and whether you can afford to pay the annual fee and additional costs. Use an online tool to compare different cards and their features and shop around. And finally, before you commit to a specific card, make sure you understand the terms and conditions of using the card, including all the charges that can be incurred.

M. Learners can use online tools offered by specific banks or they can access the FCAC's selector by going to: www.fcac-acfc.gc.ca > *Resources* > *Tools and Calculators* > *Credit Card Tools* > *Credit Card Selector Tool*. This tool consists of a series of questions that gradually narrow down the options and render a few credit card alternatives that reflect a person's needs.

Beyond the classroom: Learners can explore how to apply for a credit card; they can also read and analyze the terms and conditions of a credit card agreement.

A. Answer the questions below.

1. How common are credit cards in the country you come from? Why?
2. What can a credit card be used for? Give examples.
3. In what situations would you need a credit card? Why?
4. How does a credit card work? Explain.
5. What are some advantages and disadvantages of using credit cards for a consumer? For a merchant?

B. Match the following terms with their definitions.

- | | |
|-------------------------------------|--|
| 1. ___ cash advance | a. moving an outstanding credit card balance from one card to another |
| 2. ___ minimum payment | b. the time between the statement date and the due date, provided by the credit card issuer to borrowers to repay a balance before accruing interest |
| 3. ___ grace period | c. annual interest charges calculated as compound interest |
| 4. ___ annual fee | d. a cheque provided by a credit card issuer, drawn on the credit card account and treated as a cash advance for the purposes of calculating interest charges |
| 5. ___ balance transfer | e. a credit card with a credit limit backed by a deposit or savings account |
| 6. ___ credit limit | f. an incentive offered by a credit issuer that gives a cardholder rewards for using a credit card; the points can be redeemed as cash, travel or merchandise |
| 7. ___ annual percentage rate | g. yearly cost of card membership billed directly to a monthly statement |
| 8. ___ secured card | h. the amount of credit given to a credit cardholder |
| 9. ___ convenience cheque | i. a minimum amount to be paid by a specified date; if unpaid, it will incur additional fees and/or penalties |
| 10. ___ reward program | j. taking out a cash loan on the credit card, usually charged at a higher interest rate and sometimes with additional fees |

C. 🎧 Listen to the talk about credit cards. Number the sections in the order you hear them. Listen again, and take notes of details for each section. Compare with a partner.

credit limit:

applying:

how a credit card works:

credit card charges:

monthly credit card statement:

D. Complete the quiz below using the information you heard. Discuss your answers with classmates.

CREDIT CARD QUIZ

1. Charging purchases on a credit card is essentially taking out a loan.
 - a) true
 - b) false
2. You made purchases on your credit card for \$500. You paid your bill in full before the due date. On the due date, you also wrote a cheque for \$200 against your credit card. Your next credit card bill will include:
 - a) \$200 plus the amount of all purchases for that month
 - b) \$200 plus interest, plus the amount of all purchases for that month
3. A grace period can be extended if you make your request in writing.
 - a) true
 - b) false
4. A grace period starts...
 - a) on the day you received your credit card monthly statement
 - b) on the last day included in the monthly billing period

5. What is the most common mistake consumers make when paying their credit card bills?
 - a) They make only minimum payments.
 - b) They make too many payments.
6. You can benefit from an interest-free period on balance transfers and cash advances.
 - a) true
 - b) false
7. Credit cardholders of major credit cards are protected against unauthorized transactions that appear on their account.
 - a) true
 - b) false
8. If you don't pay your credit card bill in full by the due date, you will have to pay interest on the outstanding amount...
 - a) until you make the next payment.
 - b) until you pay the entire amount you owe in full.
9. You won't be charged interest on a cash advance as long as you pay your bill in full before the due date.
 - a) true
 - b) false
10. In addition to interest charges, paying your credit card bill late can result in an increase in the interest rate.
 - a) true
 - b) false
11. If a credit card has secondary cardholders, they will not be held fully responsible for any outstanding balances...
 - a) unless they sign the credit card application.
 - b) unless the terms of the credit cardholder agreement state so.
12. Interest on purchases of merchandise is calculated the same way as interest on cash advances.
 - a) true
 - b) false



E. In small groups, discuss the risks involved in using credit cards and make a list of tips for credit card users. Include advice on safety and ways to monitor spending.

F. Read the excerpts from two different credit cardholder agreements.

CARD I. ABC CREDITCARD® CARDHOLDER AGREEMENT

Interest charges: We calculate interest on purchases, cash advances and fees from the date of the transaction or fee until the date we receive payment in full. You authorize us to charge this interest to your account. Below, we explain that we do not charge interest to your account if you meet certain conditions. We never charge interest on interest charges. See your card carrier for the number of grace days that apply to your account.

When we don't charge interest: We don't charge interest on purchases and fees appearing on your account statement for the first time if you pay your new balance in full by the payment due date. You must pay interest on all cash advances.

How we calculate interest: The interest rates we charge are:

- the annual cash advance and purchase interest rates shown on the card carrier, or
- any amendment we make to those rates.

If we amend the interest rates we charge, we will provide you with written notice of the amended rates. The annual and daily rates appear on your account statement. To calculate interest charges on cash advances, we multiply the daily closing balance of your cash advances by the daily cash advance interest rate, which is equal to the annual cash advance interest rate divided by 365. To calculate interest charges on purchases and fees, we multiply the daily closing balance of your purchases and fees by the daily purchase interest rate, which is equal to the annual purchase interest rate divided by 365.

CARD II. BlueCard® CREDIT CARDHOLDER AGREEMENT

Interest: You can avoid interest being charged on Purchases and fees by ensuring that we always receive payment in full of your Balance every month by the Payment Due Date on your monthly statement. This interest-free period does not apply to Cash Advances. We charge interest on cash advances as described in "Interest on cash advances including balance transfers and BlueCard® Cheques." You will lose your interest-free status on all new purchases and fees that appear on your statement for the first time if we do not receive payment of your balance in full by the payment due date on your current statement. We will then charge interest on all new purchases and fees that appear on that current statement. Interest accrued on new purchases and fees from their transaction date until the date we receive payment in full of the amount of those purchases and fees on your current statement will appear on your next monthly statement. Interest is calculated at a daily interest rate(s) which is equivalent to the applicable annual interest rate(s), each as initially shown in the Disclosure Statement. Interest rates are subject to change at any time. Any change to the applicable interest rate(s) will be indicated on your statement. If interest is charged, we charge interest on any amount owed from the transaction date until that amount has been paid in full. We calculate interest daily but add it to your balance on a monthly basis.

We calculate interest on any amount owed each month by:

- multiplying the amount owed each day by the applicable daily interest rate or rates (that is the applicable annual interest rate or rates divided by the number of days in the year); and
- adding together those interest charges for each day in that month.

The total is the amount of interest we will charge you each month. We do not charge interest on interest.

The interest rate applicable to your Account will go up by 5% per annum, calculated on a daily basis, if you do not pay the minimum payment shown on your monthly statement within 30 days after the payment due date shown on your monthly statement. You will also lose the benefit of any lower-rate promotional offers (including any offer that remains open to you to participate in). You will pay interest on your Account at the new higher rate shown on your monthly statement. You will continue to pay the higher rate of interest until such time as you have paid the minimum payment for two consecutive monthly statements by the payment due date shown on each monthly statement.

G. Answer the questions.

1. What are both excerpts about? What information do they have in common?
2. What transactions do both cards charge interest on?
3. How are interest charges calculated for cash advances on each card?
4. How are interest charges calculated for purchases made with each card?
5. Compare both options and decide which card offers lower charges.
6. Where are interest rates for each card listed?
7. What additional information is provided in both excerpts?

H. Explain what the following statements from the credit card agreements mean.

1. Interest rates are subject to change at any time.

2. You can avoid interest being charged on purchases and fees by ensuring that we always receive payment of your balance in full every month by the payment due date on your monthly statement.

3. See your card carrier for the number of grace days that apply to your account.

4. You will continue to pay the higher rate of interest until such time as you have paid the minimum payment for two consecutive monthly statements by the payment due date shown on each monthly statement.

5. Interest accrued on new purchases and fees from their transaction date until the date we receive payment in full of the amount of those purchases and fees on your current statement will appear on your next monthly statement.

I. ⓘ Locate a sample credit cardholder agreement online and make a list of sections or main items it includes. Suggested search term: *sample credit card holder agreement*. Limit your search to Canadian websites.

J. Answer the questions.

1. In what situations would you need a credit card?
2. When would you choose to use a credit card instead of other forms of payment, e.g., cash or debit card?
3. When selecting a credit card to apply for, what factors would you consider?

K. Read the list of factors a person needs to consider when shopping around for a credit card. Check off the factors that are important to you. Add other factors not listed below.

- ☐ whether a card is standard, gold or platinum
- ☐ whether a card is offered by your bank
- ☐ type of card: secured, specialized or rewards card
- ☐ annual fee/no annual fee
- ☐ interest rates on purchases
- ☐ interest rates on cash advances
- ☐ additional benefits, such as travel insurance
- ☐ additional services, such as convenience cheques, money transfers or travellers' cheques
- ☐ annual fee for an additional card (joint card)
- ☐ charges for going over a credit limit
- ☐ own spending habits
- ☐ situations to use a credit card in, e.g., foreign travel, car rental, emergency, everyday spending

L. 🎧 Listen to an expert talk about selecting the right credit card. Answer the questions below.

1. What are the three main areas in which credit cards differ?
2. What fees and charges should a person selecting a credit card be aware of?
3. What rewards and benefits are mentioned in the talk?
4. What should a person consider when comparing the rewards and benefits that different cards offer?
5. What types of credit cards does the speaker discuss? Describe them.
6. What tips on using credit cards does the expert give?

M. ① Use an online selector tool to compare various credit cards. Select the card right for your needs and spending habits. Suggested search term: *credit card selector*.

Objective(s) and CLB level


The objective of this series of activities is to familiarize learners with the terminology, concepts and mechanisms related to credit. The activities provide practice in vocabulary use, reading and speaking. These activities are generally appropriate for learners at CLB 6 and up.

Targeted financial literacy outcomes

The activities in this section and the activity ideas in the teaching notes will help learners achieve the following financial literacy outcomes:

- Understand the three Cs of creditworthiness and relate them to personal experience
- Identify elements of credit history
- Plan and develop strategies to build own credit history

Corresponding CLB competencies

 CLB 6–7: Understand moderately complex descriptive or narrative texts on familiar topics (CLB 6), complex extended descriptions, reports ... on familiar topics (CLB 7).

Procedures

A. This is a warm-up activity that introduces the topic of credit rating. You can start by eliciting what the process of applying for credit involves; learners can share their personal experiences. They can also compare how it's done in the countries they come from. Discuss who lenders are (banks, credit card companies, retailers—charge cards, car dealers—car financing, etc.)

B. This short text and the questions that follow focus on creditworthiness. First, ask learners what it means to them to be creditworthy and how they would be able to check that. Then, ask learners to give examples for each C. The questions listed are asked on a loan application form and in a loan qualifying interview. Learners can work in pairs or small groups; have them sort the questions in three groups and, if possible, add other questions.

For learners at CLB 6, you may need to add some vocabulary practice. New words and expressions may include: *to assume credit, to repay/pay back credit, value of assets, to meet credit obligations*.

Answers:

1. A 2. C 3. B 4. A 5. C 6. A 7. B 8. B 9. A 10. B 11. C 12. A 13. C 14. B 15. B 16. B

C. This text provides background information about credit history and credit score. If you have access to the Internet in your classroom, learners can conduct research to answer the following questions:

- What is credit history? Who looks at a borrower's credit history?
- What is a credit report? What is a credit score? What are two credit bureaus in Canada?
- Find a sample credit report. Find a sample credit score.

Make sure that learners access reliable and unbiased websites. You can use the websites listed in the *Useful Websites* section.

Beyond the classroom: Ask learners to analyze their own circumstances and consider:

- what they have done that could help a potential lender assess their creditworthiness, and
- what they can do in the future to improve their creditworthiness.

Learners can also request a copy of their credit report using the instructions on the FCAC website.

A. Answer the questions below in pairs or small groups.

1. What information does the borrower need to provide when applying for credit?
2. How does the lender determine whether or not the borrower can repay the debt?

B. Read the text. Then, decide which questions could be used to determine each of the three Cs of credit.

When the borrower applies for credit, the lender assesses his/her creditworthiness, which is the borrower's ability to assume and pay back credit. The lender considers the so-called *three Cs of credit*: character, capacity and capital. These are evaluated through questions that target each of the aspects of creditworthiness:

Character: generally refers to the borrower's stability, reliability and trustworthiness; also his/her willingness to repay the credit when it's due.

Capacity: concerns the borrower's financial ability to make payments on time and repay the debt in full when it's due.

Capital: this is the value of the borrower's assets. If he/she won't be able to repay the debt, capital can be used instead. For the lender, it is the guarantee that the borrower will be able to meet his/her credit obligations.

CHARACTER (A)	CAPACITY (B)	CAPITAL (C)
Example: <i>Will you repay the debt?</i>		
1. Will you repay the debt? ✓ (A)	9. Do you pay your bills on time?	
2. Do you have a savings account?	10. How many other loans do you have?	
3. Can you repay the debt?	11. What assets do you have and what is their value?	
4. How long have you lived at your present address?	12. Do you have a credit report that is in good standing?	
5. Do you have investments to use as collateral?	13. What property do you own that can secure your loan?	
6. Have you used credit before?	14. How long have you been at your present job?	
7. What is your salary?	15. Do you have any dependants?	
8. What are your current living expenses?	16. Is your job stable?	

Source: *Credit Canada and Debt Solutions*

C. Read the text below and answer the questions that follow.**CREDIT HISTORY**

Your credit history summarizes most of the types of credit you use, including credit cards, loans and financing plans. It also shows whether or not you have made your payments on time. Your credit history is based on information sent to the two credit-reporting agencies in Canada—Equifax and TransUnion—by businesses that have given you credit. When you want to borrow money, the lender will usually check your credit history with these agencies, also known as credit bureaus. You build a good credit history by consistently making payments on your credit cards and other loans on time. If you have no credit history, or a bad credit history, you will have more difficulty borrowing money, especially large amounts, such as for a mortgage.

The credit reporting agencies provide information about your credit history in two ways: as a credit report and as a credit score.

CREDIT REPORT

Your credit report includes personal information, such as your current and previous addresses and employers. Financial information in the report can include information on:

- your bank accounts, including any “bad” cheques or non-sufficient funds (NSF) payments
- credit you already have, such as credit cards, lines of credit, and loans
- a bankruptcy or a court decision against you that relates to credit
- debts that you did not pay, which were referred to collection
- a list of all people and companies who have made inquiries about your credit, including lenders, yourself and other authorized organizations (for example, a landlord or employer if you have given your consent)

CREDIT SCORE

Your credit score indicates the risk you represent to lenders compared to other consumers. The higher your score, the lower the risk you represent as a borrower. Equifax and TransUnion use a scale from 300 to 900. However, each lender may have its own way of determining your credit score. Each lender can set its own minimum score for lending you money. Lenders can also use your credit score to set the interest rate that you will pay to borrow money.

Factors that can affect your credit score include:

- how long you have had credit
- your history of making payments (*Do you carry a balance on your credit cards? Have you missed payments?*)
- your outstanding debts (*Are you close to your credit limit?*)
- the number of recent inquiries about your credit history (*Are you trying to get more credit?*)
- the types of credit you are using

any record of bankruptcy or of your debts being sent to a collection agency

It is possible to obtain your credit file for free. You can contact the credit bureaus' websites to obtain more information.

Source: Credit Report and Credit Score. Retrieved from: <http://www.fcac-acfc.gc.ca/eng/consumers/creditloans/reportScores/index-eng.asp>.

1. What kind of information about a potential borrower is included in a credit report?
2. What is a credit score?
3. Who uses credit reports and credit scores, and for what purpose?
4. What things from a credit history could hurt someone's credit record? Give examples.

D. ① Search the website of *Financial Consumer Agency Canada* (<http://www.fcac-acfc.gc.ca>, Resources> Publications> Budgeting and Money Management> *Understanding Your Credit Report and Credit Score*) for sample credit reports and accompanying explanations. Present what type of information they include.

Objective(s) and CLB level






The objective of this series of activities is to familiarize learners with terminology, concepts and mechanisms related to credit. The activities provide practice in vocabulary use, reading and speaking, and are generally appropriate for learners at CLB 6 and higher.

Targeted financial literacy outcomes

The activities in this section and the activity ideas in the teaching notes will help learners achieve the following financial literacy outcomes:

- Understand how credit works and how debt is created
- Identify warning signs of debt
- Identify steps to take to get rid of debt

Corresponding CLB competencies

-  CLB 6: Understand moderately complex communication intended to influence or persuade (such as suggestions, advice, encouragements) in everyday personally relevant situations.
-  CLB 6: Ask for and give information in some detail: express opinions, feelings, obligation, ability, and certainty in small group discussions ...
-  CLB 7–8: Understand moderately complex extended ... reports ...
-  CLB 6–8: Interpret information contained in moderately complex formatted texts.
-  CLB 7–8: Reduce short oral discourse to notes.

Procedures

A. This is a warm-up activity that introduces the topic of debt. Ask learners to discuss the trivia questions and compare them with relevant data/facts about the countries they come from.

Answers:

1. F—54 percent.
2. F—74 million; three for every Canadian over the age of 18.
3. T.
4. T.
5. F—68 percent of all household debt in Canada is made up of residential mortgage debt, which helps increase net worth, while 20 per cent comes from lines of credit and only five per cent is credit card debt.

B. Ask learners to write definitions (CLB 6) or simply review the meaning (CLB 7/8). Learners can make sentences with those terms for further practice.

C. These questions prepare learners for reading in Part D. Learners can discuss the questions as a class or in small groups. Ask learners to read the table and report and respond to the questions again, comparing their original answers. You could use #5 as a topic of a written assignment and ask learners to write a paragraph about each factor; alternatively, they could select only one and write two or three paragraphs about it.

D. This activity provides practice in reading formatted text (a table with statistical data) and comparing it to a summary of statistical data in report form. You can ask learners to scan the table and, in pairs, take turns asking and answering questions about specific details (e.g., *Which demographic group has the highest debt?*).

- E. Learners can locate the specific sentences in the text and explain their meanings using the context.
- F. This can also be done in the form of a short discussion. Learners can choose one criterion and write statements about the relevant data.
- G. The purpose of this activity is to analyze and list possible signs of debt trouble. Learners can also research this topic online (suggested search term: *signs of debt trouble; debt problems—signs*).
- H. These questions are part of the reading comprehension activity. You can use them before reading to introduce the topic, and have learners discuss the answers; and as a comprehension check.
- I. You can assign this as a pair activity or have the whole class brainstorm ideas.
- J. The objective of this listening activity is to familiarize learners with some recommended debt solutions and offer practice in note-taking. Play the recording at least twice and have learners recap the content. As a follow-up, learners can write a summary of the talk in paragraph form.

Transcript

If you're carrying debt, you need to re-evaluate the way you spend your money. Think about your lifestyle, spending habits and financial goals, and make the necessary changes. Plan for debt repayment and stick to your plan. To get started, consider these four questions:

What debts should you pay off first? Usually, you'll want to pay off the debt with the highest interest rate sooner. For example, credit card debt is more costly than a mortgage.

Could you pay more each month? Find where you can cut your spending until you clear your debt.

Could you combine your debts with a consolidation loan? This reduces the overall rate of interest on your debts.

How can you avoid taking on any more debt? For example, use cash, not credit cards, for everyday purchases like groceries and gas. Store credit cards often charge 20 per cent or more in interest. If you owe \$1,000, you could pay as much as \$200 in interest in the first year. Credit cards from a financial institution also charge high interest rates.

Then, follow these five steps to pay down debt:

1. Budget a set amount each month

Look for ways to cut back your spending so you can free up money to pay off debt. Even a small amount each month will start to reduce the amount of interest you pay.

2. Pay off high-interest debt first

Your biggest loan may not cost the most. Your mortgage may be the biggest debt you have, but it's probably the cheapest. To figure out which debt is costing you the most, look at the interest rate you're paying, not how much you owe. For most people, credit cards are a good place to start.

3. Consolidate your debts

If you have a number of different debts, consider a consolidation loan. This means you take out a loan or increase your mortgage to get enough money to pay off all of your other loans. The advantage is you lower the overall interest rate so it costs you less to pay off. This only works if you don't rack up more debt.

4. Renegotiate a lower interest rate

Ask your lender for a lower rate. If the first person you talk to can't help you, ask to speak to their supervisor. If you have a good record of paying on time, they may be willing to reduce your interest rate to keep your business.

5. Set up automatic withdrawals

When you have extra money in your chequing account, you might be tempted to spend it rather than use it to pay down debt. If the money is withdrawn from your account automatically, you won't have a chance to spend it. See if your bank can make an automatic withdrawal from your account every month. The amount withdrawn could go into a separate account that you use for debt repayment. Or it could be automatically applied to the debts you're repaying. If you use online banking, you can likely set up these automatic withdrawals on your own.

If you can't figure out a way to reduce your debt, consider talking to a financial planner or credit counsellor. Non-profit credit agencies can also help people work through their debt problems. They can help you develop a plan, reduce your interest costs and get out of debt over time.

Adapted from: <http://www.getsmarteraboutmoney.ca/en/managing-your-money/planning/budgeting/Pages/Get-rid-of-debt.aspx>. Copyright Investor Education Fund 2013.

Beyond the classroom: learners can contact local settlement/community agencies and find out what programs and services are available for people in debt.

A. Read the statements below. Decide whether they are true or false and give your reasons.

1. More than 75 percent of Canadians under 45 are in debt.
2. There were an estimated 32 million credit cards in circulation in Canada in 2011.
3. In 2011, Canadian households owed more than \$1.50 for every dollar of disposable income.
4. Younger people and parents with children at home are more likely to hold debt.
5. Most household debt in Canada is made up of lines of credit and credit card debt.

B. Explain what the following terms mean.

debtor:

secured/unsecured loan:

home equity line of credit:

creditor:

outstanding debt:

household income:

C. In small groups, discuss the questions.

1. What is consumer debt?
2. In your opinion, what are some reasons why people get into debt?
3. Is debt common in the country you come from? Why?
4. Which demographic groups are most likely to hold debt? Why?
5. How may the following factors influence the current levels of borrowing in Canada? Give examples:
 - culture of consumption
 - level of interest rates
 - lenders' attitudes



D. Read the information in the table and the report, and write statements about borrowers' profiles.**Household Debt In Canada: Who Are The Borrowers?**

In the Canadian Financial Capability Survey (CFCS), household debt is defined as mortgage debt on all residences and real estate as well as consumer debt, including debt outstanding on credit cards, personal and home equity lines of credit, secured and unsecured loans from banks and other institutions, and unpaid bills. Of those who answered the debt questions, two-thirds said they held at least one type of debt. In 2009, borrowers reported an average of \$114,400 per debtor. (See the table below.)

	All persons ¹	Borrowers	Total debt outstanding	Mean debt per borrower
	('000)			
Persons 18 and over	20,731	13,773
Total	100%	100%	100%	\$114,400
Age				
Under 45	45	54	61	\$129,200
45 to 64	37	38	34	\$102,800
65 and over	18	7	4	\$66,000
Household type				
Unattached individuals	15	10	6	\$63,000
Married couples only	34	30	28	\$105,200
Married couples with children and/or relatives	30	39	50	\$144,600
Lone parents	5	6	5	\$100,800
Others	16	14	12	\$94,000
Education				
Less than postsecondary	47	41	33	\$90,900
Postsecondary: non-university	24	27	27	\$114,300
Postsecondary: university	28	31	40	\$145,400
Household income before tax				
Under \$50,000	35	25	13	\$57,700
\$50,000 to \$99,999	34	38	31	\$95,400
\$100,000 and over	31	37	56	\$172,400
Tenure				
Owner without a mortgage	34	20	11	\$64,000
Owner with a mortgage	39	58	82	\$161,200
Renter	26	22	7	\$36,200

Adapted from: Statistics Canada, Household Debt In Canada: Who Are The Borrowers? <http://www.statcan.gc.ca/pub/75-001-x/2012002/tables-tableaux/11636/tbl01-eng.htm>. Reproduced and distributed on an "as is" basis with the permission of Statistics Canada.

As theory and research show, younger people and parents with children at home are more likely to hold debt. Individuals under 45 made up 45 percent of the population, but accounted for 54 percent of borrowers. Similarly, married people with children accounted for 30 percent of the overall population, but 39 percent of debtors. They were also more likely to have higher levels of debt. Couples with children held one-half of all household debt, with an average debt of \$144,600, higher than the overall average of \$114,400. Similarly, individuals under 45 held 61 percent of household debt, \$129,200 on average.

Higher income was associated with an increased probability of holding debt and a higher debt load. Individuals who had a household income of at least \$100,000 represented 31 percent of the population but 37 percent of those with debt. Moreover, individuals with higher household incomes had more debt, likely due to their greater debt-carrying capacity. The total amount of household debt was particularly concentrated among those with at least \$100,000 in household income, as they accounted for 37 percent of all debtors but held 56 percent of all household debt (averaging \$172,400 per borrower). In comparison, those who had a household income of at least \$50,000 but less than \$100,000 represented 38 percent of debtors but held 31 percent of household debt (averaging \$95,400 per borrower), while those with less than \$50,000 in household income held 13 percent (or \$57,700 per borrower), even though they made up 25 percent of debtors.

Higher education levels were also associated with an increased probability of holding debt and higher average debt. Individuals with at least some post-secondary education comprised about one-half of the population but almost 60 percent of those with debt. And university graduates had an average debt that was 60 percent higher than those with less than post-secondary education—\$145,400 compared to \$90,900.

Although the distribution of borrowers across regions was similar to the distribution of the population as a whole, the amount owed was more concentrated in some regions. Debtors in British Columbia, Alberta and Ontario owed, on average, between \$124,700 and \$157,700, compared to the national average of \$114,400. Together, households in these provinces held three out of four dollars of household debt in the country. The concentration of debt in these regions generally corresponds to higher real estate prices.

A close relationship was also found between home ownership and debt as households with mortgages accounted for 39 percent of the population but 58 percent of debtors. Conversely, homeowners without a mortgage accounted for 34 percent of the population but 62 percent of all households without any debt. Renters (26 percent of the population) were also less likely to hold debt, as they accounted for one-third of households without any debt.

Debt was concentrated among mortgagees, who held 82 percent of outstanding debt (averaging \$161,200 per debtor). Conversely, homeowners without a mortgage held 11 percent and renters 7 percent of total debt. Almost two-thirds of mortgagees were under 45, and this group held more than one-half of outstanding debt. The concentration of debt among younger mortgagees falls in line with the life-cycle theory of consumption. For many mortgagees, housing is both a consumption item and an investment tool that can also be used as collateral to finance other needs.

Adapted from: Statistics Canada, Household Debt In Canada: Who Are The Borrowers? <http://www.statcan.gc.ca/pub/75-001-x/2012002/tables-tableaux/11636/tbl01-eng.htm>. Reproduced and distributed on an "as is" basis with the permission of Statistics Canada.

E. Paraphrase the following statements from the text so they sound less formal.

1. Married people with children accounted for 30 percent of the overall population, but 39 percent of debtors.

2. Higher income was associated with an increased probability of holding debt and a higher debt load.

3. Individuals with higher household incomes had more debt, likely due to their greater debt-carrying capacity.

4. A close relationship was also found between home ownership and debt.

5. The concentration of debt in these regions generally corresponds to higher real estate prices.

F. Discuss the information included in the table and the report, and write statements about borrowers' profiles. Discuss the facts/data that surprised you most.

G. In groups, discuss what some warning signs of debt could be, and add your ideas to the list below. Search the Internet for warning signs of debt and compare.

WARNING SIGNS OF DEBT PROBLEMS:

1. *You don't have any savings.*
2. *You have been denied credit.*
3. *You don't keep a budget.*
4. _____
5. _____
6. _____
7. _____
8. _____
9. _____
10. _____

H. In pairs, discuss answers to the questions below. Then, read the text and compare your answers.

1. Experts distinguish “bad debt” and “good debt.” Do you agree with this distinction? Explain.
2. Give examples of what could be bad debt.
3. Give examples of what could constitute good debt.
4. What amount of debt would you consider manageable? Compare the amount as a percentage of total household income.
5. How could debt be managed on a daily basis? What can be done to prevent “good debt” from becoming “bad debt”? Give examples.

GOOD DEBT OR BAD DEBT?

The debt debate has been raging over the past months. How much is too much? What type of debt is okay to carry? Mark Carney, recently governor of the Bank of Canada, has repeatedly spoken out with strong warnings about the macro-economic conditions that influence Canadians’ ability to borrow money. But when economists talk and use language like “adverse labour market shock” and “deterioration in the credit quality of loans to households,” it is sometimes difficult to understand what it means to you as an individual. Does the warning apply to your own situation? What should you do about it? Here are a few tips to help you find out.

Not All Debt is the Same

When you are considering borrowing money for that next purchase, remember that there are good types of debt and bad types of debt.

Good Debt

“Good debt” is typically associated with the purchase of items or experiences that have ongoing or resale value. A home, for example, can end up being worth more when you sell it than when you bought it. It’s something that can appreciate in value and, therefore, may be thought of as an investment. So a mortgage can be a good debt.

Also, borrowing to invest in your future by furthering your education or upgrading your professional skills usually has a good pay-off in terms of career advancement and professional income. And student loans often have low interest rates. So, what you borrow to pay for an education is usually thought of as good debt.

Bad Debt

Typically you accumulate “bad debt” when you borrow or use credit to cover expenses or buy optional luxury items. If you are using credit to pay for things you don’t really need or for a lifestyle you can’t afford, consider saving up for them first, instead. You may be surprised at how satisfying it can be to finally get something you’ve saved for. And you won’t have to pay more for it than the sticker price because you won’t be paying interest charges for a loan.

How Much Debt is Too Much Debt?

With credit so easily available these days, and at historically low interest rates, it seems harmless to borrow now and pay later. But is it worth heeding the warnings from the Bank of Canada? What is it that they see?

The Bank of Canada has noticed that many Canadians are moving into risky territory, carrying the maximum amount of household debt-to-disposable income. At 148.1 percent, this is 6.7 per cent higher than last year. This means, in simple terms, that if you earn \$10,000 in disposable income per year, you are carrying almost \$15,000 in debt. They are concerned that this may put many individuals, and therefore Canada’s economy, at risk.

While economists and bankers debate whether this number represents good or bad debt for Canadian households, there are still some rules of thumb that can help you establish whether or not you are running a tight financial ship.

According to Credit Counselling Canada, the following breakdown in spending as a percentage of your income should keep you afloat:

- 35% – house expenses (rent or mortgage)
- 15% – unsecured loans
- 15% – utilities
- 10% – savings
- 25% – day-to-day living expenses

If your debt is becoming too much to handle and you feel like you're drowning, get help. There are lots of unbiased resources to help you get started down the right path.

Source: <http://blog.getsmarteraboutmoney.ca/good-debt-or-bad-debt>. Copyright Investor Education Fund 2013.

I. Discuss possible strategies for dealing with debt. Make a list of possible solutions that someone in debt could use.

J. 🎧 Listen to the talk about getting rid of debt. Complete the notes below with the key information. Then, listen again and add the missing details. Compare your notes with a classmate's.

4 questions to ask yourself:

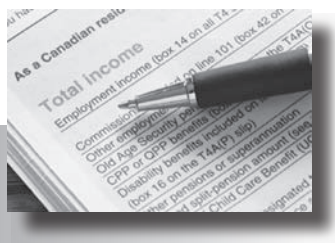
- 1.
- 2.
- 3.
- 4.

5 steps to pay down debt:

- Budget a set amount each month:
- Pay off ...
- Consolidate ...
- Renegotiate...
- Set up...

Where to get help:

Taxes



The activities in this section explore the topic of taxes in Canada. The activities present information on how the taxation system works and what kinds of taxes Canadians pay, and explore issues related to personal income tax, such as filing a return and social assistance programs.

The *Taxes* section includes two sets of activities:

Canadian Tax system

Filing an Income Tax Return

You can select activities to teach based on the needs and interest of the learners in your class. The activities can be used individually and need not be used in the sequence in which they are presented. You may also add your own activities where appropriate. Suggestions and ideas for extending or complementing the specific activities are included in the teaching notes.

The activities in this section relate to the following themes in *LINC 1–5 Curriculum Guidelines*:

- **Commercial Services and Business**
- **At Home in Our Community and the World**

Learning Outcomes

The sample learning outcomes below can help you plan a lesson or series of lessons about taxes. The outcomes are intended to guide you in defining areas of content and contexts for the language instruction. The financial literacy outcomes can help you determine the aspects of financial literacy to include in your instruction in order to facilitate learners' understanding, knowledge and competence. The language outcomes can guide you in selecting and designing language activities at CLB 6–8 that support financial literacy.

The activities included in this section are intended to support the outcomes below.

Sample Financial Literacy Outcomes	Sample Language and Numeracy Outcomes
<p>Understanding and knowledge</p> <ul style="list-style-type: none">• Understand vocabulary and concepts related to taxes• Understand how Canadian taxation system works: how taxes are collected and spent• Recognize how taxation provides for public services and products• Understand how to file a personal tax return <p>Application</p> <ul style="list-style-type: none">• Identify specific services supported by taxation at different levels of government• Identify documents needed and ways to file a personal income tax return for own purposes• Calculate approximate personal income tax	<ul style="list-style-type: none">• Demonstrate comprehension of the gist, factual details and some implied meanings in a text about Canada's taxation system• Describe how taxation supports different public services and products• Participate in a small group/class discussion about spending tax dollars• Identify factual details and implied meanings in a web-based text/video about social assistance programs available through income tax return• Give a short oral presentation about selected social assistance programs available through income tax return

When planning a lesson or a series of lessons, you can use the listed outcomes as they are or develop your own based on the needs and interests of the learners in your class. For ideas and strategies for conducting a needs assessment, see the *Instructor Guide*.

Background Information and Key Language Elements

You can use the background information about taxes to familiarize yourself with the key concepts and terms that are presented in the learner activities in this section. For sources of more information on the topic of taxes or related classroom resources, please see the *Useful Websites* section.

The sidebar below lists major language elements that you may want to introduce or review to support the thematic content of the activities.

Canada's Taxation System

In Canada, each level of government—municipal, provincial or territorial, and federal—has the power to levy taxes. Municipal taxes are typically levied on real property and may be assessed based on the appraised market value of the property. Property taxes are the main source of revenue for most municipalities in Canada. Provincial and territorial taxes may include income tax, health care tax and sales tax. Federal taxes include income tax, Canada Pension Plan contributions and Employment Insurance contributions. Other, less visible federal taxes include import duties and taxes on liquor, cigarettes, entertainment, automobiles and gasoline. Governments at all three levels depend on taxation to pay for the services they are responsible for providing. Newcomers are usually interested in learning about the responsibilities of each level of government and will likely want to know how taxes are spent.

Harmonized Sales Tax (HST)

Newcomers quickly become familiar with sales taxes as they shop and pay for goods and services. Provincial sales tax varies from province to province. In Ontario, the combined federal and provincial sales tax rate (Harmonized Sales Tax, or HST) is 13 percent. The Government of Ontario receives 8 percent of the HST while the federal government receives 5 percent. HST is charged on most goods and services, with some exceptions, such as basic food items and prescription drugs. Sales taxes are complex, as some goods and services are exempt only from the federal portion or only from the provincial portion. It is important that newcomers understand when and how much sales tax they will pay, especially when planning for big-ticket purchases.

Income Tax Deductions

Income tax is levied at both the federal and provincial levels. Usually, both income taxes are deducted each pay period by the employer and appear as a single deduction on the employee's pay stub or statement of earnings. The amount of income tax deducted is determined by the total earnings reported for the pay period. Self-employed individuals must pay income tax either annually when they file a tax return or in instalments throughout the year. Annual earnings of less than the personal amounts set by the government each year are exempt from income tax.

Filing a Tax Return

Newcomers may not know that they need to file a tax return for the part of the tax year following their arrival in Canada. Furthermore, newcomers should understand that paying taxes, particularly income tax, is considered a responsibility of all residents of Canada and a demonstration of good citizenship values. Filing an income tax return in Canada is a matter of voluntary compliance. Citizens and all people who are deemed to be residents for income tax purposes are required to file a tax return if they owe income tax or if they want to receive a refund. In addition, anyone who wishes to receive credits or payments such as the GST/HST (goods and services tax/harmonized sales tax) credit, Canada Child Tax Benefit payments, and provincial or territorial tax credits must file a tax return. Failure to pay taxes can result in penalties and interest charges on the amount owing, or even a jail sentence. Free income tax clinics staffed by professional volunteers are available to newcomers through community agencies. To prepare a tax return, one must have a social insurance number and all required documents, such as Statements of Earnings for the tax year, as well as receipts for all credits to be claimed.

Key vocabulary and collocations

tax credit
tax deduction
tax rate
taxable income
excise tax
consumption tax
commodity tax
property tax
income tax
tax return
to levy tax
to impose tax
to file a tax return
voluntary
compliance
tax evasion
refund
transfer payments

Abbreviations

CPP
EI
CCTB
GST, PST, HST
CRA

Possible grammar structures

passive voice to describe how tax dollars are spent or how income tax is calculated
conditional sentences to describe consequences in different situations
adjective clauses to define specific terms related to taxes

Objective(s) and CLB level

The objective of this series of activities is to familiarize learners with some of the concepts, terminology and strategies related to the Canadian tax system. The activities provide background information on the topic and offer practice in listening and speaking, and are generally appropriate for learners at CLB 6 and up.

Targeted financial literacy outcomes

The activities in this section and the activity ideas in the teaching notes will help learners achieve the following financial literacy outcomes:

- Understand how the Canadian taxation system works: how taxes are collected and spent
- Recognize how taxation provides for public services and products
- Identify specific services supported by taxation at different levels of government

Corresponding CLB competencies

- 🗣️ CLB 6: Give detailed presentations about ... simple processes, or descriptions or comparisons ...
- 🗣️ CLB 6, 7: Ask for and give information in some detail; express opinions ... in small group discussions or meetings (CLB 6); give detailed information: express and qualify opinions ... in small group discussions and meetings (CLB 7).
- 📖 CLB 6–8: Understand moderately complex descriptive or narrative text (CLB 6), moderately complex extended descriptions, reports and narrations on familiar topics (CLB 7, 8), moderately complex feature articles (CLB 8).
complex feature articles (CLB 8).
- 📖 CLB 6–8: Access, locate and integrate information from online reference sources.

Procedures

A. This is a warm-up activity that introduces the topic of taxes. You can start by eliciting information about taxes in learners' countries of origin.

Extend this activity: Ask learners to prepare a quiz about taxes in Canada.

B. This is a vocabulary practice that requires learners to provide definitions of words/collocations related to taxes. Learners can use online dictionaries to find the meanings.

C and D. The objective of these two activities is to activate learners' knowledge of the topic; they can work in pairs or small groups. The information can then be shared with the whole class. You can also ask learners to describe the information in the tables in paragraph format.

E. This text provides learners with background information about Canada's taxation system. Have learners further research information about the specific types of taxes. Learners can also summarize the text in point form. For learners at CLB 7 and 8, you could use this text as listening material and use the questions to check comprehension. You may need to ask more detailed questions to ensure comprehension at CLB 6.

F. This is an online research activity that can also be done as an independent learning task. Learners can access the websites of various municipalities and search for the needed information. All municipalities provide information in their annual reports on how their tax dollars are spent. This information can be presented in point form, in a graph and/or in a descriptive report.

Extend this activity: You can invite a member of your local city council to speak about how your municipality collects and spends its revenues. Ask learners to prepare questions in advance.

A. Answer the questions below.

1. What is the purpose of taxes? What types of taxes do you know of?
2. How are taxes collected in the country you come from?
3. How are taxes usually spent? Give examples.
4. What do you know about the tax system in Canada?

B. Explain what the following words mean. Then, use them in sentences to illustrate their meanings.

excise tax	personal income tax	taxable income	property tax	HST
corporate tax	tax evasion	to levy a tax	voluntary compliance	GST

C. In Canada, taxes are imposed by different levels of government: federal, provincial or territorial, and municipal. Make a list of taxes that you know of, and group them under each type of government.

Federal	Provincial/Territorial	Municipal
e.g., <i>GST, gasoline tax</i>		

D. Read the examples of services provided by different levels of government. List them under the appropriate type of government and add more services to the list.

waste collection	education	highways	parks	emergency services
public transportation	libraries	national defence	pension	health care

Federal	Provincial/Territorial	Municipal
e.g., <i>national defence</i>		e.g., <i>libraries</i>

E. Read the text about the Canadian tax system and answer the questions that follow.**CANADA'S TAXATION SYSTEM**

Canada's taxation system is similar to that of many other countries. Taxes, as well as tariffs and duties, are collected by different levels of government and then redistributed to fund various programs and services. Canada has the following levels of taxation:

Federal: taxes are collected by the Canada Revenue Agency (CRA), the federal agency administering tax laws for the Government of Canada.

Provincial/territorial: taxes are collected through provincial/territorial revenue or finance departments.

Municipal: taxes are collected through local government.

These levels of government levy different types of taxes on consumers, wage earners and businesses. The basic types of taxes include:

Personal income tax: this tax comes from an individual's employment earnings. Personal income taxes are the most significant sources of revenue for federal and provincial/territorial levels of government, accounting for almost 48 percent of tax revenue (2011). Income taxes throughout Canada are progressive, with higher-income residents paying a higher percentage than lower-income residents. The combined federal and provincial/territorial income taxes are collected by the CRA by agreement with the provinces, except Quebec. The provincial tax rates, expressed as a percentage of federal tax payable, vary from province to province.

Corporate tax: Companies and corporations pay tax on profit income and on capital. These taxes make up a rather small portion of total tax revenue (13 percent in 2011).

Consumer and excise taxes: these taxes are derived from the production, sale and consumption of various goods and services. The sales tax universally levied across Canada is the federal sales tax of 5 percent, called the Goods and Services Tax (GST). All provincial governments except Alberta also levy sales taxes. The provincial sales taxes (PST) for the provinces of British Columbia, Nova Scotia, New Brunswick, Newfoundland and Labrador, and Ontario are harmonized with the GST—in other words, these provinces have a combined tax instead of separate GST and PST. This combined tax is called Harmonized Sales Tax (HST). The provinces of Quebec and Prince Edward Island apply provincial sales tax to the sum of price and GST. The territories of Nunavut, Yukon and Northwest Territories charge GST only. Provincial sales tax rates at the retail level differ from province to province. Excise taxes are taxes imposed by both the federal and provincial governments on alcohol, tobacco, gasoline and vehicle air conditioning. Canada has some of the highest rates of taxes on cigarettes and alcohol in the world.

Property taxes: These taxes are derived from residential, commercial and industrial properties; they are levied on the value of the property (land and buildings) annually by municipal governments. Property taxes derived from the sale and transfers of property are called land transfer taxes.

Tariffs and duties: these come from import/export, and are based on the movement of goods across borders.

E. Read the text about the Canadian tax system and answer the questions that follow.

1. How are taxes collected in Canada?
2. Which tax constitutes the largest portion of annual government revenue? Why?
3. How do income taxes vary from province to province?
4. What is a corporate tax?
5. What are GST, PST and HST? How do they differ from province to province?
6. Who pays excise taxes? Why, in your opinion, are excise tax rates very high in Canada?
7. How often are property taxes paid? Who pays them?
8. What are duties and tariffs?

F. ①Search the Internet for information about how tax dollars are spent in a municipality of your choice.

Write a paragraph to describe the services, programs and policies made possible through residential taxes.

Research how tax dollars are spent in other municipalities you know of. Compare the results of your research with a classmate's results and discuss differences (e.g., small town vs. large city).

G. In small groups, discuss the scenario and make decisions. Present your decisions and reasons to the class.

You are a member of the town council. Your town has additional tax revenues of \$500,000 for the last fiscal year and it needs to decide how to allocate these resources. The proposed ideas include:

- building a soccer field for a newly developed neighbourhood
- purchasing trees for the town's green spaces
- updating the library's computer and information system
- developing a support/training program for small business owners
- organizing seasonal festivals for residents (e.g., summer jazz festival, winter carnival)

Discuss the proposed ideas and add your own to the list; develop a list of pros and cons for each idea. Consider the following factors:

- how each idea would benefit the community
- what financial impact (short-term and long-term) it would have

Decide which way the town should use its tax money.

Objective(s) and CLB level

The objective of this series of activities is to familiarize learners with the process of filing a personal income tax return, and related concepts and terminology. The activities provide practice in listening, speaking and research skills. These activities are generally appropriate for learners at CLB 6 and up.

Targeted financial literacy outcomes

The activities in this section and the activity ideas in the teaching notes will help learners achieve the following financial literacy outcomes:

- Understand how personal income tax return is filed
- Identify ways to file a personal income tax return and documents needed for own purposes

Corresponding CLB competencies

- 🗣️ CLB 6–8: Understand the gist and some details in moderately complex communication intended to influence or persuade (CLB 6); understand moderately complex communication intended to influence or persuade (CLB 7, 8) in everyday personally relevant situations.
- 📖 CLB 6–8: Interpret information contained in formatted texts.
- 🌐 CLB 6–8: Access, locate and integrate information from online reference sources.

Procedures

A. This is a warm-up activity that introduces the topic of filing personal income tax. Learners can work in groups or pairs. Elicit which facts were surprising to learners and why.

Answers:

\$189.2 billion—Total amount of personal income taxes collected by federal, provincial and territorial governments in 2009.

\$50.3 billion—Total amount of corporate income taxes collected by federal, provincial and territorial governments in 2009.

\$78,800—Median after-tax income for two-parent families with children (2010).

\$14,399—Average income tax amount paid by a Canadian household (2010).

64—Percentage of returns filed electronically via NETFILE or EFILE (2010).

16,816,779—Number of tax filers who received a refund for the 2010 tax year.

\$1,586.87—Average refund amount for the 2010 tax year.

\$11,747—Total income tax a person with an annual income of \$50,000 will pay in Quebec for 2011, the highest regional amount in Canada (source: Ernst and Young tax calculator).

\$8,349—Total income tax that same person would pay in Nunavut, the lowest regional amount in Canada (source: Ernst and Young tax calculator).

562—Number of offences against the Income Tax Act in fiscal year 2008–2009.

23.4—Percentage of all tax filers who claimed charitable donations on their tax return (2010).

B and C. This text provides information about how income tax is calculated in different provinces, and can also be used to practice reading formatted text. The questions that follow (Part C) may be difficult to answer without using real numbers for calculations. You can ask learners to research information about possible/average income in an occupation of their choice and calculate income tax amounts for different provinces. Then, learners could write a brief report of their findings.

Filing An Income Tax Return

D. The purpose of this listening text is to provide basic information about the process of filing a personal income tax return. You can elicit what learners know about it before listening. Play the recording as many times as needed. Extend the activity: you can ask learners to describe how to file a personal income tax (letter format or point form).

Transcript

A: Hello, today our guest is Angela, an expert in personal income tax. It's a pleasure to have you here, Angela.

B: I'm glad to be your guest.

A: Our learners have had a lot of questions about the process of filing a personal income tax and I am going to start with the basic one: who needs to file an income tax return?

B: Well, each year, all people who are residents of Canada, for tax purposes, have to file an income tax return. Being a resident for tax purposes can be quite different from what Citizenship and Immigration Canada (CIC) calls a resident. Basically, it means someone with residential ties to Canada, such as a home or things they own, a bank account or credit cards, health insurance with a province or territory, or other similar ties. Examples of newcomers with residential ties are permanent residents (according to CIC), refugees, or people who have applied to be permanent residents.

A: I see. So, can you tell us what an income tax return is?

B: The full name is Income Tax and Benefit Return; it's a form where you list your income, deductions and tax credits so you can calculate your taxes payable. This way you also provide the federal government with information it needs to establish your eligibility for specific tax benefits or credits. A personal income tax return is always submitted for the previous year. It is a legal obligation to file an income tax return by April 30 each year.

A: I see. Where can we get this form?

B: In order to file your personal income tax you need an income tax package from the province where you resided on December 31 of the previous year. This package includes a return (form), federal tax worksheet, provincial or territory tax worksheet, schedules—which are additional forms for various tax-related situations—and a guide. There are a few kinds of income tax packages. The Canada Revenue Agency sends you the package based on your previous year's return. If you need a different one, or if you're filing your return for the first time, you can pick up a package in person at any postal outlet, Service Canada office, or income tax office. You can also order it online, or download it in PDF format. You can also download income tax packages from previous years.

A: What documents will I need to file a return?

B: Well, you will need tax information slips. These are slips sent by employers, banks and businesses to provide information about the income or benefits you received in the previous tax year, and the amount of income tax that was deducted. For example, a T4 slip is issued by an employer and provides information about your earned income; a T5 slip is a statement of your investment income; there are also slips for pension plan benefits or employment insurance benefits. You need to use these slips to complete your return form and then include them with your tax return.

A: Oh, I see. And what about other documents, or additional information?

B: First of all, you need all your income information, and that would also include self-employment income and any RRSP contributions; then, you need all the receipts for tax deductions. You won't need to send them with

Filing An Income Tax Return

your return but you need to keep them on file, with a copy of your return. If you plan to file online, you will also need your SIN.

A: Oh, so I can file online as well?

B: Sure, you can actually file your return in five different ways: send it by mail, file it over the Internet using NETFILE; pay a service provider to file your return online using EFILE; hire an accountant to do your income taxes, or use a special service for seniors to do it over the phone. And remember, if you need help completing all the forms and you can't afford an accountant or service provider, you can take advantage of volunteer income tax clinics set up by the CRA. They are offered across Canada from February until the end of April.

A: So, let's say I've filed my return—what's next?

B: Well, if your return showed that you owe money in taxes, you'll need to pay before the deadline. Or, like most Canadians, you may qualify for a refund. The CRA will also send you a document called Notice of Assessment, which states the total amounts of your income and tax paid as well as your allowed RRSP contribution. Remember, it's important that you pay what you owe on time—otherwise you will pay a late-filing penalty, which can be a lot.

A: This has been very informative, Angela, thank you very much.

E and F. These are research-based activities that can also be done outside the classroom. Have learners work on either one. The video gallery on YouTube gives a list of all available clips; you can access the same videos directly on CRA website (here they also include transcripts). You may need to teach/review note-taking strategies for this activity.

Beyond the classroom: Learners can access different income tax packages to acquaint themselves with the content and information needed to complete them. Learners can also make a list of possible tax deductions they could qualify for.

A. Match the numbers with the statements about taxes in Canada. Then, read the facts and discuss what surprised you and why.

\$78,800	\$11,747	\$50.3 billion	64	\$14,399	\$8,349
\$1,586.87	23.4	\$189.2 billion	562	16,816,779	

FACTS ABOUT TAXES IN CANADA

- _____ Total amount of personal income taxes collected by federal, provincial and territorial governments in 2009.
- _____ Total amount of corporate income taxes collected by federal, provincial and territorial governments in 2009.
- _____ Median after-tax income for two-parent families with children (2010).
- _____ Average income tax amount paid by a Canadian household (2010).
- _____ Percentage of returns filed electronically via *NETFILE* or *EFILE* (2010).
- _____ Number of tax filers who received a refund for the 2010 tax year.
- _____ Average refund amount for the 2010 tax year.
- _____ Total income tax a person with an annual income of \$50,000 will pay in Quebec for 2011, the highest regional amount in Canada (according to *Ernst and Young tax calculator*).
- _____ Total income tax that same person would pay in Nunavut, the lowest regional amount in Canada (according to *Ernst and Young tax calculator*).
- _____ Number of offences against the Income Tax Act in fiscal year 2008–2009.
- _____ Percentage of all tax filers who claimed charitable donations on their tax return (2010).

B. Read the tables below.**HOW IS PERSONAL INCOME TAX CALCULATED IN CANADA?**

All residents of Canada are subject to federal and provincial income tax. Tax is collected by the federal government by agreement with the provinces (except Quebec). Both taxes are collected at the same time, when an individual files a yearly Income Tax and Benefit Return. The return determines whether the correct amount of tax has been collected throughout the previous year, resulting in either a balance owed to the government or a refund for an individual.

The federal and provincial/territorial income tax rates for individuals are based on total annual income. Provincial rates vary from province to province. Each province or territory levies its tax at different rates.

Federal tax rates (2012):

15% **on the first** \$42,707 of taxable income, +
 22% **on the next** \$42,707 of taxable income (on the portion of taxable income over \$42,707 up to \$85,414), +
 26% **on the next** \$46,992 of taxable income (on the portion of taxable income over \$85,414 up to \$132,406), +
 29% on taxable income **over** \$132,406.

Provincial/territorial tax rates (2012)—examples:

Ontario	5.05% on the first \$39,020 of taxable income, + 9.15% on the next \$39,023, + 11.16% on the amount over \$78,043
Saskatchewan	11% on the first \$42,065 of taxable income, + 13% on the next \$78,120, + 15% on the amount over \$120,185
Alberta	10% of taxable income
Prince Edward Island	9.8% on the first \$31,984 of taxable income, + 13.8% on the next \$31,985, + 16.7% on the amount over \$63,969
Nunavut	4% on the first \$40,721 of taxable income, + 7% on the next \$40,721, + 9% on the next \$50,964, + 11.5% on the amount over \$132,406

B. ① Using the Internet, access information about annual earnings for an occupation(s) of your choice.

- Calculate the approximate income tax you would pay in different provinces. Compare and discuss with a classmate.
- Calculate the approximate income tax for different income brackets. What are the differences?

C. Discuss the questions.

1. How do tax rates compare between the provinces and territories?
2. How do you think the tax rates in Canada compare to the country you come from? other countries?

D. 🎧 Listen to an expert talk about filing an income tax return and answer the questions.

1. Who is a resident of Canada for tax purposes? Provide examples.
2. Why do we need to file a tax return?
3. When does an income tax return need to be filed?
4. What does a personal income tax package include? Where can you get it?
5. What documents do you need to file your return?
6. What information do you need to file your return?
7. How can you file a tax return?
8. How will you know if you owe money or if you will get a refund?

E. ① Select a video clip from the YouTube CRA gallery of videos on current tax credits, tax savings and tax deductions (<http://www.youtube.com/user/CanRevAgency>). Watch the video of your choice and take notes of important details. Present the information, including a scenario, to the class.

F. ① Search the Internet for information about tax benefits specific to Ontario. Create a table with the most important information.

Suggested search terms: *income tax credits Ontario, Ontario Trillium benefit*

G. Tax Trivia Game



Name four taxes that Canadians pay.	Where can you get an income tax form?	What is taxable income?	Which province has the lowest personal income tax rates?
What is the difference between PST, GST and HST?	What is duty?	Name the government office in charge of collecting income tax.	Name three federal taxes.
Name four services paid for by municipal taxes.	When is the deadline to file an income tax return?	What does HST mean? What is its rate in Ontario?	Which government collects property taxes?
What are transfer payments? Why are they made?	What will happen if you don't file your tax return on time?	How can you file your income tax return?	What is the Canada Child Tax Benefit?
Explain how a tax shelter works.	What is GST/ HST credit?	How can you reduce the amount of taxable income?	Give an example of a commodity tax.

Retirement



The activities in this section explore the topic of retirement and its financial implications. The activities present background information on Canada's public pension system, employer pensions and RRSPs, and provide opportunities for learners to analyse and discuss planning for their own retirement.

The *Retirement* section includes two sets of activities:

Canada's Public Pension Benefits

RRSPs

You can select activities to teach based on the needs and interest of the learners in your class. The activities can be used individually and need not be used in the sequence in which they are presented. You may also add your own activities where appropriate. Suggestions and ideas for extending or complementing the specific activities are included in the teaching notes.

Learning Outcomes

The sample learning outcomes below can help you plan a lesson or series of lessons about retirement. The outcomes are intended to provide guidance in defining areas of content and contexts for the language instruction. The financial literacy outcomes can help you determine the aspects of financial literacy to include in your instruction in order to facilitate learners' understanding, knowledge and competence. The language outcomes can guide you in selecting and designing language activities at CLB 6–8 that support financial literacy.

The activities included in this section are intended to support the outcomes below.

Sample Financial Literacy Outcomes	Sample Language and Numeracy Outcomes
<p>Understanding and knowledge</p> <ul style="list-style-type: none"> • Understand concepts related to retirement and different sources of seniors' income • Understand how Canada's public pension benefits work • Recognize how financial planning affects one's retirement • Understand the risk-and-return relationship in retirement investments <p>Application</p> <ul style="list-style-type: none"> • Identify eligibility criteria for public pension benefits • Identify an RRSP plan and savings strategy appropriate for own needs 	<ul style="list-style-type: none"> • Demonstrate comprehension of the diagram illustrating sources of seniors' income • Conduct online research and give a short oral presentation about a selected pension benefit • Participate in a small group/class discussion about financing one's retirement • Identify factual details and implied meanings in a web-based text about CPP • Take notes from a talk about Canada's public pension system • Participate in a small group/class discussion about strategies to finance someone's retirement • Locate information about RRSP providers on the Internet

When planning a lesson or series of lessons, you can use the listed outcomes as they are or develop your own based on the needs and interests of the learners in your class. For ideas and strategies for conducting a needs assessment, see the *Instructor Guide*.

Background Information and Key Language Elements

You can use the background information about advertising to familiarize yourself with the key financial concepts related to retirement that are presented in the learner activities in this section. For sources of more information on the topic of retirement or related classroom resources, please see the *Useful Websites* section.

The sidebar below lists major language elements that you may want to introduce or review to support the thematic content of the activities.

Retirement in Canada

Canada's public pension plan system comprises four separate benefits: Canada Pension Plan (CPP), Old Age Security (OAS), Guaranteed Income Supplement (GIS), and Allowance for the Survivor. The eligibility criteria for each are different. The CPP is for Canadian citizens or legal residents who have worked in Canada and have made at least one payment to the plan. The earliest age at which one can receive benefits is 60, and payments are based on the total amount contributed. The OAS benefit is for Canadian citizens or legal residents who have lived in Canada for 10 years or more following their eighteenth birthday, and who are 65 or older. Many people receive more than one benefit—for instance, both the CPP and the OAS. The GIS is paid to those who receive OAS and have a low income. Allowance for the Survivor benefits are paid to spouses or common-law partners who are 60 to 64 years old and whose spouse or partner receives (or received, if deceased) the OAS.

The amounts payable under the public plan system are very modest, and newcomers need to know that all Canadians are encouraged to begin saving early for retirement. Many employers offer pension plans where both employees and the employer make regular contributions. The federal government encourages retirement savings through Registered Retirement Savings Plans (RRSPs), which offer the benefit of remaining untaxed until funds are withdrawn. The total amount that can be contributed is based on earnings and is revised each year. Funds in an RRSP may be invested in a variety of ways.

Key vocabulary and collocations

to retire
retirement
pension
eligibility
allowance
benefit
supplement
spouse
common-law
recipient
contribution
to contribute
investment
to invest
portfolio
tax-sheltered
taxable income
risk tolerance
return
beneficiary
stock
bonds
mutual funds

Abbreviations

CPP
OAS
GIS
RRSP
RIF
GIC

Possible grammar structures

conditional sentences to describe consequences in different situations

Objective(s) and CLB level

The objective of this series of activities is to explore different sources of seniors' income, with a focus on public pension benefits. The activities provide practice in reading formatted and web-based texts, listening and speaking. These activities are generally appropriate for learners at CLB 6 and can be adapted for CLB 7 and 8.

Targeted financial literacy outcomes

The activities in this section and the activity ideas in the teaching notes will help learners achieve the following financial literacy outcomes:

- Understand vocabulary and concepts related to retirement and different sources of seniors' income
- Identify eligibility criteria for public pension benefits

Corresponding CLB competencies

- 👂 CLB 6: Understand descriptive or narrative monologues or presentations on generally familiar and relevant topics.
- 📖 CLB 6, 7: Access, locate and compare (CLB 6) or integrate (CLB 7) ... information from online reference sources.
- 📖 CLB 7–8: Reduce short oral discourse to notes (CLB 7); reduce oral discourse about established procedures into notes ... (CLB 8).
- ✍️ CLB 7–8: Write 2 or 3 (CLB 7) 3 or 4 (CLB 8) connected paragraphs to ... provide detailed description ... of a system or procedure.

Procedures

A. This is a warm-up activity that introduces the topic of Canada's public pension. You can precede the quiz with a short discussion on the topic of seniors' income and retirement. Sample questions you could use are:

- Are seniors in the country you come from financially independent?
- What are sources of their income?
- Is there a public/private pension program? How does it work?
- What do you know about Canada's public pension program?
- Learners can complete the quiz individually or in pairs.

Answers:

1. a 2. a 3. b 4. b 5. a 6. b 7. b 8. a 9. b 10. a 11. b 12. a

Extend this activity: Have learners locate online sources of information on public pension (Service Canada website, HRSDC website) and discuss types of information available. Learners can make a list of questions about Canada's public pensions that they would like to find answers to.

B. The objective of this activity is to provide information about sources of senior income; it gives learners an opportunity to practice reading a chart. You can also access this chart (as well as additional statistical data on seniors' income) online.

C. You can also use these discussion questions before Part B. This can be a small-group or whole-class discussion.

Canada's Public Pension Benefits

D. The purpose of this listening activity is to present some background information about the public pension benefits through the listening text. You may need to review/pre-teach note-taking strategies/techniques (e.g., using point form, abbreviating longer words, using symbols, numbers, initials, etc.). Play the recording two or three times and have learners compare their notes in pairs. Alternatively, you could divide the class in half and have each group listen to and take notes on one part only. Then, in pairs, learners can retell the information they took down.

Transcript

Canada's public pension system is designed to provide Canadian seniors with a modest income during retirement, usually supplementing their own retirement savings. The two major components of this system are the Canada Pension Plan (CPP) and Old Age Security (OAS). These two programs are administered nationally by Human Resources and Social Development Canada in all provinces and territories except Quebec, which operates the Quebec Pension Plan, equivalent to the CPP.

The CPP is a contributory and earnings-related program. This means that all working Canadians, 18 years old and over, contribute a prescribed segment of their earnings to a nationally operated pension plan. In 2012, the prescribed contribution was 4.95 percent of a salaried employee's gross income between \$3,500 and \$50,100, up to a maximum contribution of about \$2,300. This employee contribution is matched by the employer. As a result, the contributions amount to 9.9 percent of the earning income. If a worker is self-employed, he or she must pay both parts of the contribution.

The CPP is paid out as regular pension benefit payments when the contributor reaches the retirement age. The payments are calculated as 25 percent of the average contributory maximum over the entire working period. A reduced pension is also available from the age of 60. The monthly CPP payment is smaller if someone begins receiving it before the age of 65, and larger if it's taken after that age. So, to sum up, the worker qualifies for the CPP, if he or she has worked, made at least one valid contribution to the CPP, and is at least 60 years old. The payment of the CPP doesn't start automatically – the contributor must apply for it. Also, the person doesn't need to stop working in order to receive CPP payments. In 2012, the maximum CPP payment amount for a person retiring at the age of 65 was \$986.67 while the average amount was \$528.92.

Another major component of Canada's public pension system is the Old Age Security program. This program is funded from Government of Canada tax revenues and consists of several benefits, with the Old Age Security pension being its cornerstone. The OAS pension is a monthly benefit that, similarly to CPP, needs to be applied for. To qualify for this benefit, a person must meet these three criteria: age (the person must be 65 years old or over), legal status (a Canadian citizen or a legal resident) and finally, the number of years the person has lived in Canada (at least 10 years after turning 18). The OAS pension can also be received by qualifying applicants who live outside Canada. A person who isn't eligible for a full OAS pension may qualify for partial benefits. A partial pension is calculated at the rate of $\frac{1}{40}$ of the full pension for each year of residence in Canada after the age of 18. The OAS pension payments are also adjusted to the cost of living, as measured by the Consumer Price Index. In 2012, the maximum amount of the OAS monthly payment was \$546.07. Both the CPP and OAS payments are considered taxable income; in other words, you have to pay income tax on both benefits.

The OAS pension can be supplemented by other benefits, such as the Guaranteed Income Supplement and the Allowance. Similarly to the other benefits, the recipient needs to meet certain requirements such as income or marital status, to receive them.

E. Answers:

1. subject to income tax
2. benefit payment/contribution
3. to supplement
4. to meet requirements
5. payable/recipients
6. eligible

Canada's Public Pension Benefits

Extend this activity: Ask learners to write sentences with the vocabulary words.

F. This activity can be done in class or as an independent learning assignment. You can also explore the Service Canada website (*Retirement Planning>Canada's retirement income system*) with learners and assign one of the benefits to each learner. Learners can also work in groups of four, where each of them will take on one item to research and present to the rest of the group.

G. This is an optional practice in paragraph writing. Learners can use their listening notes and complement the information with the results of their research. You can go over the most important points to include with the whole class and write the key points to include on the board.

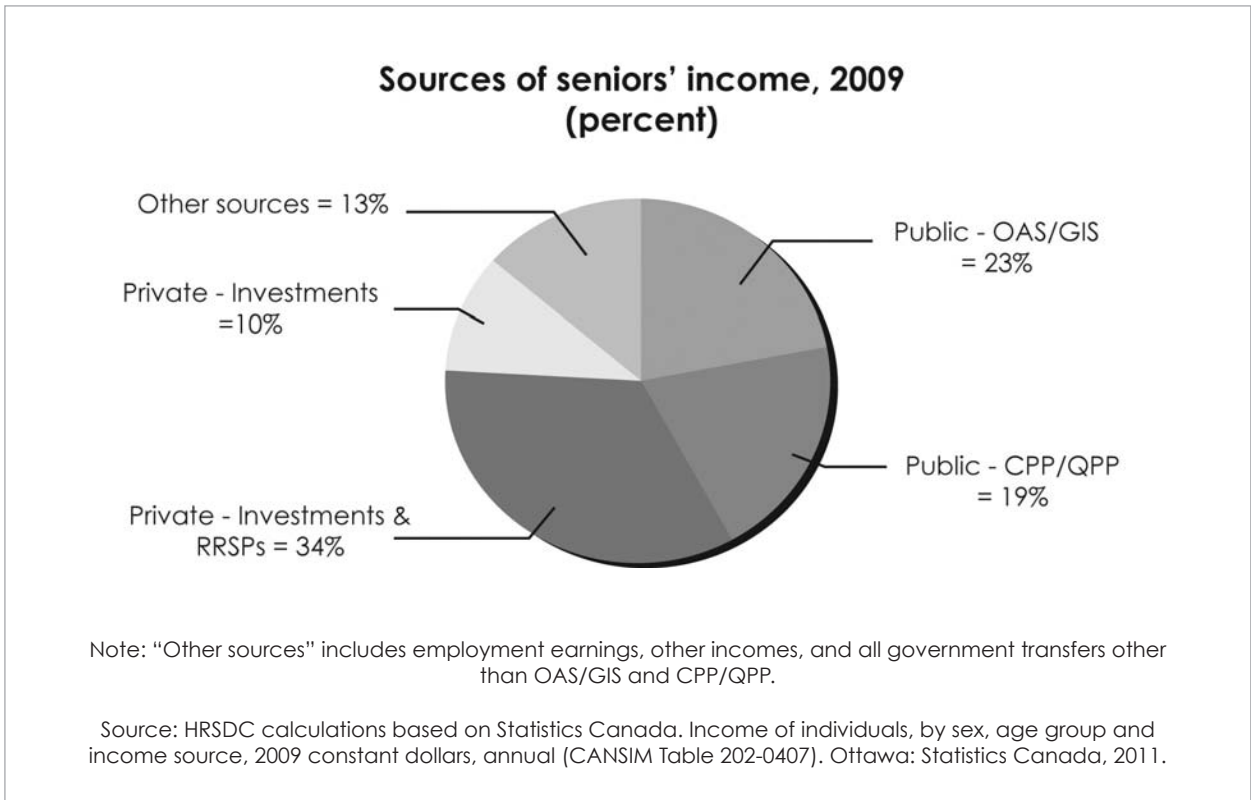
H. These questions can be used to personalize the acquired information about sources of senior income. If you want to hold a formal discussion, you can use one of the topics below. Have learners focus on discussion strategies and techniques: Take turns to express opinions, ask questions, clarify, agree and disagree. Then, they can write a short summary of the main points of the discussion.

- When you retire, you stop living at work and begin working at living.
- Longer lifespans create challenges for a society.
- It should be the children's responsibility to support their parents after they retire.

A. Complete the quiz below and discuss answers with a partner.

How Much Do You Know About Retirement In Canada?

1. In Canada, you can retire and receive pension from the Canada Pension Plan at the age of:
a. 60. b. whenever you want
2. In Canada, the retirement age is the same for men and women.
a. true b. false
3. In Canada, retirement is mandatory, which means you have to retire when you reach the retirement age.
a. true b. false
4. You cannot retire before you reach the retirement age.
a. true b. false
5. Everyone who works has to contribute to the Canada Pension Plan (CPP).
a. true b. false
6. The amount of CPP pension is equal to 75 percent of income earned in the last three years of work.
a. true b. false
7. You cannot have an additional source of income when you receive a CPP retirement pension.
a. true b. false
8. The amount of CPP pension monthly payments is adjusted every year.
a. true b. false
9. Most Canadians have additional pension plans offered by their employers.
a. true b. false
10. If you worked in another country before coming to live in Canada, you might be able to receive pension from that country.
a. true b. false
11. Recipients of CPP payments are exempt from income tax.
a. true b. false
12. The retirement age in Canada will increase to 67 in 2023.
a. true b. false

B. Read the chart. Complete the text below and add a title to the chart.

Public pensions (OAS/GIS and CPP/QPP combined) represented 42 percent of (a) _____ in 2009. A little more than a third (34 percent) of seniors' income came from (b) _____ and withdrawals from their (c) _____. The remaining (d) _____ was split between (e) _____ (10 percent) and (f) _____ (13 percent), including other market income and other government transfers.

Source: Financial Security - Retirement Income. Human Resources and Skills Development Canada. Retrieved from: http://www4.hrsdc.gc.ca/.3ndic.1t.4r@-eng.jsp?iid=27#M_1. Retrieved July 11, 2012.

C. Discuss the questions.

1. What surprises you in the data on sources of seniors' income presented above? Why?
2. What are the sources of seniors' income in the country you come from? How do they compare to the Canadian data?

D. 🎧 Listen to the talk about public pensions in Canada. Complete the table with the missing information. Then, listen again and answer the questions below.

Canada's public pension system	
<p><u>CPP</u></p> <p>Full name:</p> <p>Eligibility criteria:</p> <ul style="list-style-type: none"> • • • <p>Amount:</p> <p>When you can receive it:</p>	
<p><u>AOS</u></p> <p>Full name:</p> <p>Eligibility criteria (for people living in Canada):</p> <ul style="list-style-type: none"> • • • <p>Amount:</p> <p>When you can receive it:</p>	

1.	Who administers public pension programs in Canada?
2.	How does a contributory and earnings-related pension program work?
3.	Who can receive the CPP benefit payments?
4.	How is the OAS program funded?
5.	What is the OAS pension supplemented by?

E. Explain what the words and expressions below mean and complete the sentences.

contribution	subject to income tax	recipient	eligible
to supplement	to meet requirements	payable	benefit payment

1. All pension income is taxable; this means it's _____
2. The amount of CPP _____ is calculated based on the amount of _____ the recipient and his/her employer have made throughout years.
3. Peter's public pension is not enough to support him and his wife; he needs _____ it with income from his part-time job.
4. In order to receive OAS, you need _____ certain _____.
5. The public pension benefits are _____ to all qualifying _____ who have applied for them.
6. If you're 60, you're not _____ to receive OAS.

F. ⓘ Search the Internet for information about the following pension benefits. Take notes of details and present them to the class.

- Guaranteed Income Supplement
- International Benefits (pensions)—Social Security agreements
- Employer pension: defined benefit plans
- Employer pension: defined contribution plans

G. Write a description of Canada's public pension program. Describe how the program works and what its major components, eligibility requirements and payments are. Exchange your description with a classmate for peer editing.**H. Discuss the questions below.**

1. What pension benefits could you qualify for when you reach the retirement age?
2. What can you do to maximize the amounts of those benefits?
3. How could you supplement the public pension benefits to reach the higher level of senior income?

Objective(s) and CLB level




The objective of this series of activities is to explore how Registered Retirement Savings Plans (RRSPs) work. The activities provide practice in vocabulary use, reading and speaking. These activities are generally appropriate for learners at CLB 7 and up.

Targeted financial literacy outcomes

The activities in this section and the activity ideas in the teaching notes will help learners achieve the following financial literacy outcomes:

- Understand how financial planning affects one's retirement
- Understand how RRSPs work
- Identify an RRSP plan suitable for own needs

Corresponding CLB competencies

-  CLB 6–8: Ask for and give information in some detail; express and qualify opinions and feelings, in one-on-one interactions.
-  CLB 6–8: Get information from moderately complex business/service texts containing advice ... or detailed specifications (CLB 6), assessments, evaluations and advice (CLB 7), ... recommendations and statements of rules, regulations or policies (CLB 8).
-  CLB 6, 7: Access, locate and compare (CLB 6) or integrate (CLB 7) ... information from online reference sources.

Procedures

A. Introduce the topic of retirement and ask learners about possible sources of retirement income. Introduce/ elicit vocabulary items such as *retire*, *retirement*, *pension*, *investment*, etc. Have learners read the text and use dictionaries to look up unfamiliar words. You could also divide the text into four parts and assign the reading to groups of four learners, with each learner reading one part and preparing vocabulary explanations/definitions for the assigned part.

B. This vocabulary practice could also be introduced before the text in Part A. As an extension to this exercise, learners could write sentences with the vocabulary items.

Answers:

1. d 2. f 3. h 4. a 5. c 6. g 7. e 8. b

C. Answers:

1. F 2. F 3. T 4. F 5. T 6. F 7. T 8. F 9. F 10. F

D. Learners can locate the specific information in the text. Learners at CLB 8 can retell the information or summarize it in point form. To extend this activity, have learners explore the answers to the questions online.

E. This exercise can be more appropriate for CLB 7 and 8 learners. You can ask them to locate the specific sentences in the text and underline the phrases that mean the same as the ones in bold.

F. Learners can work in pairs or small groups and calculate the RRSP for one or all profiles. You could also have them work in groups of three, where each learner works on only one profile.

G. The objective of this activity is to discuss and plan a retirement savings strategy for the profile.

H. Learners could interview each other using these and their own questions.

Beyond the classroom: Learners can personalize what they've learned by creating their own profile and mapping out their retirement strategies. They can also research information about opening an RRSP and explore various plans suitable for their own situations.

A. Read the text about an RRSP.

What is an RRSP?

A: An RRSP (a Registered Retirement Savings Plan) is a tax-sheltered personal investment account that is registered with the federal government. It is designed to encourage Canadians to save for their retirement. By contributing money to an RRSP, you can avoid or delay paying some of the taxes that you would have to pay otherwise.

How does an RRSP work?

An RRSP works like any other investment account: you invest money and it generates income from interest, dividends or capital gains, depending on forms of investments. However, an RRSP has additional advantages that make it different from other investment accounts. First, when you make a contribution to an RRSP, your taxable income is reduced by the amount of that contribution; consequently, you pay less income tax. Second, while your investment is growing, it's tax-sheltered; in other words, you don't pay any tax on it until you withdraw it. That means that you can defer paying some taxes on your income when it is generally highest (during your working career) until your income is in a lower bracket (during your retirement).

Who can have an RRSP?

All people who have income taxable in Canada can open an RRSP and contribute to it. They can make contributions until they reach the age of 71.

How much can you contribute to an RRSP?

Each year, you can contribute 18 percent of your income earned the previous year, up to the maximum amount for that year. The limits for RRSP contributions are set by the federal government each year. For example, the contribution limit for 2010 was \$22,000, and increased to \$22,450 for 2011. If you make a contribution smaller than your allowed maximum, the unused amount is carried forward to the next year. Your total unused RRSP contribution room is listed on your Notice of Assessment, a document you receive from Canada Revenue Agency (CRA) after you file your income tax return. The deadline for making RRSP contributions for the previous tax year is always March 1 of the current year.

How do you open an RRSP?

You can open an RRSP at any bank, credit union, mutual fund company or discount brokerage. You can open an individual plan—only for you—or a spousal plan, for you and your spouse or common-law partner. When shopping around, ask about the different RRSP accounts and compare the types of investments they offer. Your RRSP investment portfolio can include GICs, stocks, bonds, mutual funds, savings deposits and others. Returns on these investments can vary considerably as they depend on market conditions, fees involved and time. Therefore, it is really important that you consider your retirement timeline and your risk tolerance. When you open an account, you will be asked to answer a series of questions about your knowledge of investing, your investment goals, your income and employer pension plan, and your beneficiaries. You can build and manage your RRSP portfolio (this is called a self-directed RRSP), or you can use the services of financial advisors.

When can I withdraw money from an RRSP?

You can withdraw money from an RRSP at any time, but this money will be taxed at the time of the withdrawal. This means that your taxable income will increase by the amount withdrawn, and may put you in a higher tax bracket. Therefore, you shouldn't withdraw from an RRSP until your retirement, which is usually the time with lower income. However, there are two occasions when you can make a tax-free withdrawal from your RRSP: when using the Home Buyer's Plan or the Lifelong Learning Plan. These two programs allow you to borrow from your RRSP to help buy your first home or to pay for training or education.

B. Match the words/expressions with their meanings.

- | | |
|------------------------------|--|
| 1. ____ investment | a. to transfer to a new tax year |
| 2. ____ contribution | b. to postpone |
| 3. ____ beneficiary | c. the degree of uncertainty an investor can handle with regards to a negative change in his/her portfolio value |
| 4. ____ to carry forward | d. money invested |
| 5. ____ risk tolerance | e. a grouping of financial assets held by an investor and/or managed by financial professionals |
| 6. ____ discount brokerage | f. money deposited in an investment account to save for one's retirement |
| 7. ____ investment portfolio | g. a business that carries out buy and sell orders for investors, but offers no financial advice |
| 8. ____ to defer | h. a person who receives or is entitled to receive benefits, e.g., under a will or contract |

C. Decide whether the statements below are true or false.

1. An RRSP is like any other investment account.
2. When you put money into an RRSP, you avoid paying income tax for the year of your contribution.
3. You cannot contribute to an RRSP if you are 72.
4. The amount of contribution depends on your earned income for the current year.
5. If you haven't used your contribution last year, it will be added to the current year's contribution amount.
6. Your RRSP investment portfolio can include only one type of investment.
7. You can share an RRSP account with your spouse.
8. RRSPs with many different forms of investments have to be managed by financial advisors.
9. Every withdrawal from an RRSP is taxed.
10. RRSP withdrawals made during your retirement are not taxed.

D. Answer the questions below using the information from the text.

1. What is an RRSP?
2. Who can contribute to an RRSP?
3. What are the benefits of opening and contributing to an RRSP?
4. How much can you contribute to an RRSP?
5. What document notifies you of your RRSP contribution limit?
6. What are the types of RRSP accounts?

E. Paraphrase the parts of sentences in bold.

1. **By making contributions to an RRSP,** you can avoid or delay paying taxes you would have to pay otherwise.

2. When you make a contribution, **the amount of that contribution is deducted from your taxable income.**

3. While your investment is growing, **you don't pay any tax on it.**

4. The unused amount of RRSP contribution from the previous year **is transferred** to the next year.

5. **The allowable RRSP contribution is 18 percent of what you earned the previous year.**

6. It is important to consider **your retirement timeline.**

7. You also need to consider what **your risk tolerance** is.

F. ① Locate and use an online RRSP calculator. For each profile below, calculate the total RRSP contribution and annual amount, using 20 years as the length of retirement. Present and compare the results. Then, use the calculator to calculate your projected RRSP contribution. Use different settings to find optimal results.

Suggested search terms: *RRSP calculator; RRSP savings calculator*

Try: <http://www.getsmarteraboutmoney.ca/tools-and-calculators/rrsp-calculator/>

<http://yourmoney.ca/tools/rrsp>

1. Ping is 25. She has no RRSP savings yet. She plans to open an RRSP account and contribute \$1,000 to it every year. She is planning for at least a five percent return on her investment. She would like to retire at the age of 60.

2. Carlos is 45. He opened an RRSP account 10 years ago and has accumulated \$35,000 in it. He has been getting a six percent return until now. He will contribute \$2,500 each year until he turns 65. Then, he will retire.

3. Jihan has had her RRSP account for five years. She is 32 now. She wants to contribute \$200 every month and she hopes to receive at least a four percent return on her investment. She thinks she will retire at the age of 55.

G. Read the profile below and answer the questions. Map out the strategy for Angela to help her save for retirement.

Angela, 45, is a single mother with a daughter, 14. Here are some highlights of her financial situation:

- Gross income: \$67,000; net monthly income: \$3,200
- Mortgage: outstanding balance of \$94,000, 10 years remaining; bi-weekly payments of \$610
- Car loan: \$10,500; monthly payments of \$250 for 48 months
- Monthly expenses (not including debt servicing): \$1,400

1. What should Angela focus her financial decisions on: paying off her debt or saving for retirement?
2. What are the steps she should take?
3. What can she do to save some money for her retirement?

H. Answer the questions about your retirement plans. Add more questions that, in your opinion, could be part of this tool to help you plan your retirement.

1. At what age do you want to retire?
2. Where do you want to live?
3. Do you want to work during your retirement?
4. What kind of lifestyle do you envision for your retirement?
5. What are your financial plans for retirement? Your present situation?
6. How will your spending change when you retire?
7. Do you understand how government pension benefits work?
8. What do you need to know to help you in planning for your retirement?

Buying Goods and Services



The activities in this section introduce the concepts of buying, financing and negotiating prices for goods and services. The activities provide opportunities to practise key terms and vocabulary items related to buying and paying for big-ticket items, and explore financing options and price negotiations.

The *Buying Goods and Services* section includes three sets of activities:

Buying Big-ticket Items

Negotiating Prices

How to Haggle

You can select activities to teach based on the needs and interest of the learners in your class. The activities can be used individually and need not be used in the sequence in which they are presented. You may also add your own activities where appropriate. Suggestions and ideas for extending or complementing the specific activities are included in the teaching notes.

Learning Outcomes

The sample outcomes below can help you plan a lesson or series of lessons about purchasing big ticket items and negotiating prices for goods and services. The outcomes are intended to guide you in defining areas of content and contexts for the language instruction. You may use the financial literacy outcomes to determine the aspects of financial literacy to include in your instruction in order to facilitate learners' understanding, knowledge and competence. The language outcomes can be used to design language activities at CLB 6–8 that support financial literacy. You can use these outcomes as they are, or develop your own based on the needs and interests of the learners in your class. The activities included in this section are intended to support the outcomes below.

Sample Financial Literacy Outcomes	Sample Language and Numeracy Outcomes
<p>Understanding and knowledge</p> <ul style="list-style-type: none"> • Be aware of shopping situations where negotiating price and terms (bargaining) is/is not commonly practised • Be aware of differences in attitudes regarding bargaining or haggling in different situations • Understand concepts and steps in the process of effective negotiation • Recognize strategies used by sales staff in negotiations <p>Application</p> <ul style="list-style-type: none"> • Distinguish between needs and wants when buying things • Use financial strategies such as a spending plan and tools (online financing calculators) to prepare for big-ticket purchases • Compare financing options and choose the best option for own situation • Use effective strategies to negotiate a fair price for goods and services • Identify optimal times, situations and circumstances for successful bargaining • Ask for price reductions 	<ul style="list-style-type: none"> • Express opinions in group discussions about payment options for big-ticket purchases • Write an email message recommending one payment option and providing an explanation • Research and compare popular financing offers and present recommendations • Identify the main ideas, supporting details and examples in a talk with advice on haggling • Identify stated and implied details , facts and opinions in a conversation containing negotiations over prices at an outdoor market • Negotiate prices for goods and services in role plays about big-ticket purchases

Background Information and Key Language Elements

You can use the background information about buying goods and services to familiarize yourself with the key concepts and processes of purchasing big-ticket items that are presented in the learner activities in this section. For sources of more information and classroom resources on topics related to buying big-ticket items and negotiating prices, please see the *Useful Websites* section.

The sidebar below lists major language elements that you may want to introduce or review to support the thematic content of the activities.

Buying Skills

Developing buying skills is an essential step in becoming a well-informed and wise consumer. Buying skills include planning and budgeting for purchases, researching products and services in order to compare features and costs, understanding contracts before signing them, performing due diligence by checking references and past performance, and understanding terms and conditions, such as return policies and warranties. Other important buying skills include negotiating prices, making financially sound decisions about paying for goods and services, avoiding unnecessary debt, and recognising fraud and scams. Well-informed consumers also know their legal rights and the processes and procedures for making complaints and resolving disputes.

Paying for Big-ticket Items

Canadians are bombarded daily with advertising for “no money down” and “no interest” financing programs for a wide range of goods and services. Newcomers need to understand how these programs work. That means knowing about qualifying for financing, typical terms and conditions, and the advantages, disadvantages and risks of financing big-ticket items using these types of programs. While it is possible to get interest-free financing for some purchases, common pitfalls include high-interest penalties on the entire purchase price if payments are not made on time, and higher price tags for merchandise, since many retailers mark up prices to offset the costs of financing. There may also be administrative fees or accrued interest on the amount owing, particularly with deferred payment options. Understanding the terms and conditions—“the fine print”—is crucial to making informed decisions about financing offers.

Negotiating Prices

When, how and whether or not people bargain or haggle over the price or the terms of a sale depends mainly on cultural norms. In North America, it is expected that people will negotiate the price of a house or property, a new or used car, and more recently, electronics, major appliances and furniture. Many Canadians are comfortable bargaining over the prices of items offered for sale at flea markets and yard sales, but are reluctant to bargain in mainstream retail settings. However, there is clear evidence that negotiating is becoming more common in more settings in Canada, including at major department stores. Newcomers may be well-versed in the art of negotiation in their country of origin, and may be comfortable asking for a lower price in Canada, but they may need to know more about the language and strategies that are effective and appropriate here.

Key vocabulary

big-ticket item
fine print
spending plan
deferred payment
zero percent
financing
interest-free
financing
freebies
upgrades
offer
counter-offer
cheapskate
tacky

Verbs and verb collocations

to haggle
to bargain
to negotiate
to dicker
to horse-trade
to wrangle
to assume a debt

Idioms

to call the shots
to meet someone halfway
to split the difference
to drive a hard bargain

Possible grammar structures

reported speech

Objective(s) and CLB level




The objective of this series of activities is to familiarize learners with some of the concepts, terminology and processes related to making large purchases and deciding how to pay for them. The activities provide practice in vocabulary use, speaking, listening, reading and writing. They are generally appropriate for learners at CLB 6, but can easily be adapted for both CLB 7 and CLB 8.

Targeted financial literacy outcomes

The activities in this section and the activity ideas in the teaching notes will help learners achieve the following financial literacy outcomes:

- Understand key vocabulary and concepts related to being a well-informed and knowledgeable consumer
- Distinguish between needs and wants
- Compare financing options and choose the best option for own situation

Corresponding CLB competencies

-  CLB 6: Understand descriptive or narrative monologues or presentations on generally familiar and relevant topics.
-  CLB 6, 7: Participate in a small group discussion on non-personal familiar topics and issues: express opinions ...reservations, approval and disapproval (CLB 7).
-  CLB 6–8: Get information from moderately complex business/service texts containing advice ... or detailed specifications (CLB 6), assessments, evaluations and advice (CLB 7), ... recommendations and statements of rules, regulations or policies (CLB 8).

Procedures

A. This warm-up activity prompts learners to think about the processes involved in making decisions about major purchases. Learners with little experience buying big-ticket items in Canada can draw on experiences in their home countries. Encourage learners to consider needs versus wants, saving up versus taking on debt, setting a maximum budget, and so on.

B. This text from a government website is relatively easy to read and understand for learners at this level, and contains suggestions and practical advice; the challenge for learners is to identify the writer's purpose, intent and implied meanings.

D. As a warm-up to the activity, have learners look through newspapers or store flyers for financing offers. Car and furniture ads are particularly good for this.

F. Learners don't need personal experience or factual knowledge to complete the chart. This is a brainstorming activity, and any reasonable or common-sense ideas are acceptable. Explain that they will research these options later in the lesson.

G. Learners can practise using the new vocabulary by writing their own sentences or a dialogue with the underlined expressions.

Buying Big-ticket Items

H. You could have learners listen and check off the vocabulary as they hear it on the call-in program. For CLB 6 learners, you may want to ask comprehension questions after listening.

1. What are the payment options that Mark is seeking advice for?
2. If Mark paid cash for the camera, what would the consequence be?
3. How does the financing option work?
4. Where will Mark get the money to make the monthly payments?
5. What does the first caller warn Mark about?
6. What does the second caller tell Mark to buy?
7. What explanation does the second caller give about how “interest-free loans” work?
8. What does he say about mortgages with zero percent financing?
9. On what condition does he say Mark should go for it?

Transcript

Host: Good morning and welcome to *Money Questions*. Here is today’s question from Mark L., a university student in Hamilton. Mark wrote to us in his email:

“I’m planning to buy a good-quality, professional-type camera for \$2,500. I have enough money in the bank to pay cash for it, but I’m not sure I want to use my savings. I have an upcoming school trip to Japan that I’ve saved money for and I need to pay for my plane ticket as well, so it will wipe out everything I’ve saved. I was thinking of buying the camera with the store’s financing plan. I read their ad—it says zero interest, as long as you pay within the time limit. Plus, you can choose to pay over six or 12 months. If I use the store’s financing plan, I could pay the monthly payments with the earnings from my part-time job and from my savings, if I need to, over six or 12 months. It’s not as if I want to finance without having the money. I do have the money for the camera. I just don’t want to pay all at once. Is this a good decision, or should I just pay the full amount out of my savings?”

Host: “Should I finance a large purchase or pay cash for it?” That’s a good question. If you have advice for Mark, our phone lines are open. Let’s take our first caller—Stella from North Bay. Hello, Stella. What advice do you have for Mark here?

Stella: I think Mark should go for the payment plan because he needs the cash he has saved for his trip and other things. He seems confident that he will be able to make the monthly payments. He needs to be sure to check the fine print before he commits. Good luck!

Host: Thank you, Stella. Now, we have Robert from Ottawa. What’s your advice, Robert?

Buying Big-ticket Items

Robert: First of all, I think this young man has what I call “Cadillac taste on a Chevrolet budget—or champagne taste on a beer budget.” He should find a cheaper camera, one that fits his meagre budget.

About the zero interest—the store is advertising no interest financing, but there is no such thing as an interest-free loan. They’ve just buried the cost of the interest in the price of the camera. If interest-free loans exist, why can’t I buy my home at zero percent financing? Well, perhaps I could, but the price of the home would be hundreds of thousands of dollars higher. All I can say is, there’s nothing free in this offer ... Mark should consider spending less money on a camera if he wants to enjoy his trip and not think about his debt.

Host: Thanks for your input, Robert. Now, Mark, hope you’re listening to us, we will leave the decision up to you. Please let us know what you decide ...

I. You may want to review expressions for expressing an opinion, agreeing and disagreeing before learners discuss the questions.

EXPRESS AN OPINION	DISAGREE WITH AN OPINION	AGREE WITH AN OPINION
<i>I think . . .</i>	<i>I don’t agree because . . .</i>	<i>You have a point there.</i>
<i>I believe ... because . . .</i>	<i>I tend to disagree because . . .</i>	<i>I think so, too.</i>
<i>I feel that . . .</i>	<i>Yes, but what about . . .</i>	<i>Exactly.</i>
<i>The way I see it . . .</i>	<i>I don’t think so, given that . . .</i>	<i>I couldn’t agree with you more.</i>
<i>If you ask me . . .</i>		

J. Extend the activity: include additional financing options such as personal bank loans and lines of credit, and compare the costs.

Beyond the classroom

Learners can choose a specific financing plan that they have seen advertised on television or in print. They can get detailed information about how the plan works by visiting the store and asking for information or by accessing the vendor’s website. Learners can then make a brief informal report to the class.

A. In a small group, discuss the following questions.

1. What are some “big ticket items” that people may need or want to purchase? Brainstorm a list of items.
2. How do you usually make decisions about big-ticket purchases? Describe the process you normally go through.
3. What are some options for paying for big-ticket items? What option would you choose? Why?
4. What advice would you give someone who is planning to make a big-ticket purchase?

B. Read a text with advice about buying goods and services from the Industry Canada Office of Consumer Affairs website.

BUILD YOUR BUYING SKILLS

Building your buying skills is an important step to becoming a well-informed and knowledgeable consumer. The information below provides helpful basic buying tips you can use and apply today.

Before you buy...

- Stick to a spending plan to keep your finances in check. Ask yourself if this purchase fits into your budget.
- Research products before you buy—especially big-ticket items. Compare prices, service and warranties.
- Read the fine print on a contract before you sign. Ask questions—it is your money.
- Ask for references and check them before you hire a contractor. Your local Better Business Bureau can help.
- Walk away, hang up, delete or shred an offer that sounds too good to be true.
- Negotiate the price of an item with the seller. You may have better luck if you are polite and reasonable.
- Check the return policy. Unless stated in their policy, stores do not have to provide a refund or exchange.
- Avoid debt. Make sure a credit purchase is something you really need and that you can afford the payments. Debt can pile up quickly.

After you buy...

- Keep receipts, warranties and service contracts. You may need these to make a claim.
- Take responsibility for your debts. If you can't pay your bills, talk to your creditors or ask a budget counsellor for help.
- Say *No, thank you* to anyone who says they can repair your credit history. Only you can do this, by paying bills on time. Get a copy of your credit report every year and check it for mistakes.
- Give the seller a chance to correct any problems before you complain to someone else. If they can't or won't help, contact your provincial or territorial consumer affairs office.

Source: Build Your Buying Skills. Retrieved from http://www.ic.gc.ca/eic/site/oca-bc.nsf/eng/h_ca02227.html.

C. Read the questions and discuss your answers with a partner or in a small group.

1. What is the purpose of the text?
2. Who do you think is the target audience? Why?
3. Compare the advice in the text with the advice you gave in part A. How is the advice different?
4. What advice does the text give about paying for goods and services?
5. The advice is divided into two parts: “Before you buy” and “After you buy.” What other possible ways are there to categorize the advice?

D. With a partner or in a small group, discuss your answers to these questions.

1. Think of a time (or times) when you purchased a big-ticket item. How did you pay for it? What other options were available? Why did you choose the option you used?
2. Think of advertising you have seen that included financing options for big-ticket items (e.g., a house, a car, furniture, electronics). What words and phrases are usually used to talk about financing?

E. Read about financing options for big-ticket purchases.

There are different ways to finance a big-ticket purchase. Many retailers, such as home furniture and appliance stores, offer store credit cards or deferred payment programs. Other vendors, particularly new and used car dealers, offer financing with a variety of repayment terms, like the ones shown on the car windshields above.

Deferred Payment Programs

Deferred payments have to do with debts that are created today but are not due for payment until an agreed-upon date in the future. Payment may involve paying the entire debt on or before a specified date, or they may involve paying in instalments that begin on a specified future date and continue until the debt is fully paid. Deferred payment plans allow the consumer to receive the benefit of a good or service now without having to pay in full until later.

The deferred payment model is a common sales and marketing tools used by many companies. Essentially, the underlying concept is to buy now and pay later. When a consumer is unable to pay for the purchase today, but has a reasonable expectation of being able to provide payment in full by an agreed-upon date in the future, assuming deferred debt may make sense.

Zero Percent Financing

Zero percent financing offers are most commonly associated with credit cards and car financing. Zero percent financing typically means a very low interest rate on the amount the consumer finances. A good credit rating is required to qualify for a zero percent offer. In many cases, there is small print that spells out the terms and conditions of the offer. Some include the condition that a single late payment will trigger a high interest penalty.

Many credit card providers offer zero percent interest for periods of six to 12 months. This means consumers can be approved for an interest-free credit card for six or 12 months and, provided they do not exceed the credit limit or miss any of the minimum payments, they will receive zero percent financing.

Store Credit Cards

Store credit cards, like all credit cards, allow cardholders to make purchases and pay for them later. Usually there are no interest charges if the balance owing is paid in full by the due date. Like other “zero percent” credit card offers, store credit cards may give a consumer the option to charge a purchase and then pay for it in monthly instalments with no additional fees or interest charges. In order to receive interest-free credit, each payment must be made on time and full payment must be completed by the end of the agreed-upon term. Late or missed payments may result in high interest penalties. Store credit cards may also offer deferred payment plans with no interest, provided certain conditions are met. full payment must be completed by the end of the agreed-upon term. Late or missed payments may result in high interest penalties. Store credit cards may also offer deferred payment plans with no interest, provided certain conditions are met.

F. In a group, discuss the possible advantages, disadvantages and risks for each financing option. Complete the chart with your ideas. Compare with other groups.

Suggested search terms: *paying for big-ticket items, planning for big-ticket purchases, zero interest financing, deferred payment plans, buy now pay later*

	Advantages	Disadvantages /Risks
Deferred payment programs		
Zero percent financing		
Store credit cards		

G. Explain what the following words and expressions mean.

- | | | | |
|--------------|------------|---------------|--|
| to wipe out | meagre | to finance | to have champagne taste on a beer budget |
| to go for it | fine print | interest-free | upcoming |

H. 🎧 Listen to a call-in program where two callers offer different advice about buying big-ticket items. Listen again and answer the questions.

- How does Mark describe his financial situation at this time?
- What reason does Stella give for her advice? What warning does she also give?
- What judgment does Robert, the second caller, make about Mark’s planned purchase?
- What is Robert’s actual advice to Mark about buying the camera?
- What is the financial question for today’s show?

I. In a small group, discuss the questions. Give your opinion, disagree or agree with others' opinions.

1. Considering Mark's current financial situation and his future travel plans, do you think the camera fits into his budget?
2. Do you agree with Mark when he says he can afford to pay cash for the camera? Why?
3. What do you think of Stella's advice to Mark? Is it wise from a financial perspective? Why?
4. What do you think of Robert's advice to Mark? Is it wiser than Stella's, from a financial perspective? Why?

J. Write an email response to Mark recommending a financially sound option for paying for a camera. Support your recommendation with facts from your research.

Objective(s) and CLB level

The objective of this series of activities is to familiarize learners with some of the concepts, terminology and processes related to negotiating prices. The activities provide practice in vocabulary use, speaking, listening, reading and writing. They are generally appropriate for learners at CLB 6 and CLB 7, but can easily be adapted for CLB 8.

Targeted financial literacy outcomes

The activities in this section and the activity ideas in the teaching notes will help learners achieve the following financial literacy outcomes:

- Be aware of differences in attitudes among Canadians regarding bargaining or haggling in different situations
- Be aware of shopping situations where negotiating price and terms (bargaining) is/is not commonly practiced
- Identify optimal times, situations and circumstances for successful bargaining

Corresponding CLB competencies

- 👂 OCLB 6: Understand descriptive or narrative monologues or presentations on generally familiar and relevant topics.
- 🗣️ CLB 6, 7: Participate in a small group discussion on non-personal familiar topics and issues: express opinions ...reservations, approval and disapproval (CLB 7).
- 📖 CLB 6–8: Get information from moderately complex business/service texts containing advice ... or detailed specifications (CLB 6), assessments, evaluations and advice (CLB 7), ... recommendations and statements of rules, regulations or policies (CLB 8).
- 📖 CLB 6, 7: Access, locate and compare (CLB 6) or integrate (CLB 7) ... information from online reference sources.
- ✍️ CLB 7–8: Reduce short oral discourse to notes (CLB 7); reduce oral discourse about established procedures into notes ... (CLB 8).

Procedures

- Explain that some of the words are not used very commonly but are more “colourful” (wrangle, horse-trade). Dicker and haggle are used to talk about price, whereas negotiate can include price as well as many other issues or points to be agreed upon. Dicker can have a slightly negative connotation, and is usually reserved for negotiations over very minor or petty details.
- The purpose of this activity is to explore some socio-cultural aspects of negotiating prices. Ask learners to rate or describe their own negotiating skills, experience or level of comfort.
- The poll results are straightforward, but the interpretation of the information requires critical thinking. You may need to point out to learners the small number of respondents and the source of the poll.
- You could review verb tenses in reported speech before learners write statements about the poll results.
- The listening text describes some common beliefs among North Americans about haggling. For CLB 6, you can give learners the worksheet with the prompts for note taking. For CLB 7 and CLB 8, learners can take notes without the worksheet.

After learners listen and take notes, ask questions about the connection between these myths and cultural norms, attitudes and ideas related to haggling over price, e.g., *What do the five myths about haggling reveal about attitudes of some North Americans towards negotiating in sales situations? How do they relate to the poll results?*

Negotiating Prices

🔊 Transcript

There are several common misconceptions about haggling. In order to become a better negotiator, you will need to recognize these misconceptions for what they really are – false ideas, or myths. I am going to break down these misconceptions for you today.

Let's start with this idea, which many people seem to have:

- *Haggling is not acceptable in North America. It's inappropriate.*
In the wrong situation, this may be true. Haggling at the corner store over the price of a pack of gum is inappropriate and will make you look like a cheapskate. However, when you're after something that is valuable to you, sincerely asking for consideration is appropriate. No one will no one think less of you for doing so.

Now, how about this idea?

- *Haggling involves heated argument.*
This is only true if you are doing it all wrong. Effective haggling doesn't sound or feel anything like a fight. It is not a conflict. It should feel like an everyday conversation between friends. Good haggling actually builds mutual respect rather than diminishing it.

Third, we have this very common misconception:

- *Only very cheap or very poor people haggle.*
A lot of really wealthy people will tell you they did not get where they are today by accepting deals at face value. On the contrary - they knew exactly what they wanted and how much they were willing to pay get it. Haggling over multimillion dollar deals is what top-paid CEOs do every day. You'll never look like a cheapskate by working hard to get the best deal on something that matters to you. That will only happen if you become petty.

The fourth misconception is:

- *It takes an aggressive personality to haggle effectively.*
Not so – you don't need to be aggressive to be a good haggler. Think of good haggling as a conversation between two people hoping for a win/win deal. Being overly aggressive or domineering will usually work against you.

And finally, here is the fifth misconception:

- *What you can save by haggling isn't worth the time and effort you put into it.*
It is true that effective negotiation takes time to complete, but the result is almost always worth the effort. Successful hagglers report savings of up to 50% on big-ticket items.

Based on information in a guest post by Tyler Tervooren at <http://www.artofmanliness.com/2011/05/11/how-to-haggle-like-your-old-man/>

G. Extend the activity: After learners read the tips, ask them to add their own tips. Discuss and compare.

H. Answers:

Tip 6 Consider alternatives **Tip 3** Choose your time **Tip 7** Leave! **Tip 2** Come armed with facts

Tip 4 Be confident **Tip 1** Where to haggle **Tip 5** Ask for a manager

Negotiating Prices

J. Online blogs and fora provide a wide variety of opinions and anecdotes about contributors' personal experiences. These are not necessarily expert opinions, but they can be informative and practical. Suggested search terms: *paying for big-ticket items*; *financing big-ticket items*. Possible search results may include:

- voices.yahoo.com:
<http://voices.yahoo.com/six-rules-negotiating-lower-price-7671564.html>
- getrichslowly.org:
<http://www.getrichslowly.org/blog/2008/09/26/ask-the-readers-smart-shopping-for-big-ticket-items/>
- pennywiseprovider:
<http://pennywiseprovider.blogspot.ca/2012/03/rules-for-buying-big-ticket-items.html>

A. Look up the meanings of the words below and answer the questions. Write sentences using the verbs.

to haggle	to dicker	to wrangle	to barter
to bargain	to negotiate	to horse-trade	

1. How are the meanings of the verbs similar? How are they different?
2. Can any of the verbs be used as synonyms? Explain.

B. Discuss the questions below with a partner or group.

1. Is negotiating prices common in the country you are from? For what kinds of products and services do people usually negotiate a price?
2. Are there specific products or services for which people do not usually negotiate a price? Why not?
3. Would you be comfortable haggling for goods or services in a Canadian retail store? Why or why not?
4. How would you rate your negotiation skills? Give examples.

C. Read the results of an online poll in the text box below. Answer the questions.

The Question: *Do you ever haggle for goods and services in Canada?*

The Response Choices:

Yes, whenever I can.

No, I think it's tacky.

No, it's never occurred to me.

The Results:

52% (1591 votes)

27% (832 votes)

20% (621 votes)

Source: <http://www.theglobeandmail.com/globe-investor/personal-finance/household-finance/vote-do-you-haggle/article2354400/>.

1. What is the information about? What was the topic of the poll?
2. Do you think the answers are representative of Canadian attitudes?
3. Were you surprised by the results? If this poll were conducted in the country you are from, what do you think the results would be?

D. Make a statement about the poll results. Using reported speech, paraphrase the answers people gave.

Example: *The majority of people who responded said that they haggled whenever they could.*

E. 🎧 Listen to an expert negotiator describe common misconceptions or myths about haggling. Write a statement about each myth on the line next to the number. Listen again and complete the notes.

Popular Misconceptions About Haggling

1 _____

- inappropriate to ...
- appropriate to ...

2 _____

- only true if...
- effective haggling...
- should feel like...
- builds ...

3 _____

- ...wealthy people
- top-paid CEOs ...
- look like a cheapskate ...

#4 _____

- think of good haggling as ...
- don't need ...
- being overly aggressive...

#5 _____

- takes time but...
- can result in...

F. Work with a partner. Using your notes, take turns explaining in your own words each of the myths and the information and examples used by the speaker to “break down” or refute the myth.

G. Read the article about negotiating prices in Canada. Write a brief heading for each of the seven tips.**Seven Tips for Successful Haggling**

Haggling can be a great method to get you a nice discount on big-ticket items. Haggling, also known as bargaining, is a powerful weapon at your disposal!

Tip 1. _____
Think about where and how to haggle. Haggling may only apply to certain stores or items. You wouldn't haggle in the supermarket over the price of a loaf of bread. However, on big-ticket items, haggling is perfectly acceptable, especially in a recession!

Tip 2. _____
You need to know the value of the product before you start to bargain. Do some research—check the Internet, read library books, etc. If you know what you are talking about, you'll have a stronger bargaining position.

Tip 3. _____
Visit the store at a quiet time. Don't go on a busy Saturday afternoon when the sales rep may not have the time to negotiate. Perhaps make your visit on a quiet weekday afternoon. Also consider the time of the month—it might be better to visit the store towards the end of the month, when sales reps may be struggling to meet their monthly sales targets.

Tip 4. _____
Don't be afraid to ask for a discount and to start the negotiation process. Be courteous and friendly when you are haggling. You don't have to do all the talking—don't be afraid to be quiet. If they make you an offer, be silent. They might drop the offer even lower.

When a car dealer made me an offer, I didn't comment. I just waited to see what would happen. Eventually, I told the dealer that if he knocked \$300 off the offered price, I'd take it that day. He agreed! I was over the moon!

Tip 5. _____
Salespeople may not have the authority to offer you any discount. Simply ask to see the manager, who might be able to sort you out. Often, managers have more power and control over deeper discounts.

Tip 6. _____
A cold, hard discount isn't the only thing you can haggle for. Consider haggling for freebies or upgrades on your purchase. For example, if you're buying a new laptop computer, ask if they will throw in a laptop bag or wireless mouse.

Tip 7. _____
Be willing to walk away, with your cash in your pocket. If the salesperson's offer has not met your expectations, simply leave. You can always try haggling another day. Remember, you are in a strong bargaining position—you call the shots.

Adapted from bargainmoose.ca: <http://www.bargainmoose.ca/haggling-%E2%80%93-how-to-do-it-in-7-steps>.

H. Below are actual titles for each of the seven tips in the article. Number the titles from 1 to 7. How do they compare to the titles you wrote?

- ☐ Consider alternatives ☐ Choose your time ☐ Leave! ☐ Come armed with facts
☐ Be confident ☐ Where to haggle ☐ Ask for a manager

I. Read the article again. Summarize the information in the article by writing a list of important points and supporting details.

J. ⓘ Search the Internet for different fora about haggling for big-ticket items and other purchases. Choose a topic such as strategies for effective negotiation, things you should never pay full price for, the best time to buy big-ticket items, or another topic of your own choice. Present the information to the class.

Possible search terms: how to haggle; things you should never pay full price for; saving on big-ticket items.

K. Write about your experiences with haggling, in Canada and elsewhere. Create a class blog about haggling.

Teaching Notes | How to Haggle

Objective(s) and CLB level

The objective of this series of activities is to familiarize learners with some of the concepts, terminology and processes related to negotiating prices or haggling. The activities provide practice in vocabulary use, speaking, listening, reading and writing. They are generally appropriate for learners at CLB 6 and CLB 7, but can easily be adapted for CLB 8.

Targeted financial literacy outcomes

The activities in this section and the activity ideas in the teaching notes will help learners achieve the following financial literacy outcomes:

- Understand key vocabulary, concepts and steps in the process of effective negotiation
- Recognize strategies used by sales staff in negotiations
- Ask for price reductions

Corresponding CLB competencies

- 🗣️ CLB 6–8: Understand moderately complex communication intended to influence or persuade ...
- 📝 CLB 6: Take notes from an oral presentation; CLB 7: Take notes in point form from an oral presentation.
- 🗣️ CLB 7, 8: Participate in less routine social conversations for many everyday purposes...
- 🗣️ CLB 6: Give and respond to informal and somewhat formal suggestions and indirect requests...
- 📖 CLB 6–8: Get information from moderately complex business/service texts containing advice ... or detailed specifications (CLB 6), assessments, evaluations and advice (CLB 7), ... recommendations and statements of rules, regulations or policies (CLB 8).

Procedures

A. This warm-up activity introduces the topic of haggling by examining some conventional “rules” for negotiating, and having learners express opinions based on their own experience or cultural norms.

Answers:

1. H 2. A 3. D 4. C 5. B 6. G 7. F 8. E

B. The haggling conversation allows learners to hear an example of a typical bargaining exchange in an informal setting where haggling is expected. Before listening, you may want to draw attention to the table, which illustrates the offer/counter-offer structure of the conversation. Ask learners how negotiations are usually carried out in their culture: Who first names a price and at what point in the exchange? How many offer/counter-offer exchanges might occur before a deal is made?

After the listening and chart are completed, the class could also watch videos online. Some suggestions:

Instructions about haggling from television show *Pawn Stars*:

<http://www.youtube.com/watch?v=EHtaek38Erg&feature=related>

How to haggle in English—sitcom excerpt from *The Big Bang Theory* with subtitles:

<http://www.luizotaviobarros.com/2011/10/role-playing.html>

Monty Python's *Life of Brian*: <http://www.youtube.com/watch?v=3n3LL338aGA>

How to Haggle

Transcript

It was Saturday afternoon, and I was shopping at a street market downtown. For good deals on clothes, shoes and accessories, this is the place to come. If you want to get the best deals, though, you have to be prepared to haggle. I walked by a vendor and saw a pair of sandals I liked.

Lisa: Do these come in any other colors?

Man: Yes, we have these ones in black and red. This other style also comes in green.

Lisa: How much are the red ones?

Man: They're \$54.

Lisa: \$54? And how about the green ones?

Man: They're \$52.

Lisa: Hmm. That sounds a little high. Can you do better on the price?

Man: These are designer shoes and they're very good quality. They're a bargain at the price.

Lisa: Is that your best offer?

Man: Yeah, it's the best I can do.

Lucy: Well, thanks, but I think I'll shop around a little more.

Man: Okay, how about \$50?

Lisa: That's still more than I wanted to spend. What if I take the red ones and the green ones?

Man: I'll give you both pairs for \$95.

Lisa: That's not much of a break on the price. How about \$80 for both?

Man: You drive a hard bargain. The best I can do is \$90. You won't find them cheaper anywhere else.

Lisa: Can you meet me halfway and make it \$85?

Man: Okay, okay. We'll split the difference. You've got a deal.

C. Answers:

STAGE	BUYER	SELLER
Open the negotiation	How much are the red ones?	
Make an offer		They're \$54.
Respond	Can you do better on the price?	They're a bargain at the price.
	Is that your best offer?	Yeah, it's the best I can do.
	I think I'll shop around a little more.	
Make a counter-offer		Okay, how about \$50?
Respond	That's still more than I wanted to spend.	
Make a counter-offer	What if I take the red ones and the green ones?	I'll give you both pairs for \$95.
Respond	That's not much of a break on the price.	

How to Haggle

Make a counter-offer	How about \$80 for both?	
Respond		You drive a hard bargain.
Make a counter-offer		The best I can do is \$90.
Respond	Can we meet halfway and make it \$85?	
Close the deal		You've got a deal.

E. The idiom to drive a hard bargain may be said grudgingly near the end of the negotiation and signals that a deal is imminent. It is usually meant as a compliment on the counter-partner's bargaining skills.

F. Answers:

1. F 2. I 3. E or G 4. C 5. D 6. A 7. G or E 8. H 9. B

G. After reading the text, learners could compare the body language from the reading with body language they might expect to see in a haggling situation. Learners can demonstrate the body language and have others guess what their body language is saying.

H. Learners at CLB 8 can design their own scenarios after researching prices for a specific product or service. You might want to prepare a simple evaluation form for the class to fill in as they watch and listen to each pair perform their dialogue. Learners could identify the strategies used by the seller and vendor, listen for idioms and expressions used, and observe their body language.

A. What do you know about the art of negotiation? Match the sentence halves to make eight “rules” for successful negotiation.

- | | |
|--|-----------------------------------|
| _____ 1. if you have something to sell | A. if you get something in return |
| _____ 2. only make concessions | B. aim low |
| _____ 3. be able to | C. aim high |
| _____ 4. if you are selling | D. walk away |
| _____ 5. if you are buying | E. records |
| _____ 6. establish | F. bargaining chips |
| _____ 7. continually look for | G. what the other person needs |
| _____ 8. keep accurate | H. be unique |

B. With a partner or group, discuss the rules. Do you agree with them? Explain your answers.

C. 🎧 Listen to the dialogue. Take notes of the words and phrases used by the buyer and seller at different stages of the negotiation.

STAGE	BUYER	SELLER
Open the negotiation		
Make an offer		
Respond		
Make a counter-offer		
Respond		
Make a counter-offer		
Respond		
Make a counter-offer		
Respond		
Close the deal		

D. Write a brief summary of the negotiation process in point form or by creating a simple diagram. Include the strategies used by both sides.

E. In the dialogue, the seller says, “*You drive a hard bargain*,” just before he accepts the offered price. Discuss the questions with a partner or in a small group.

1. What do you think the idiom means?
2. Is the seller making a positive or negative comment about the buyer’s negotiation skills? Explain.

F. Below are some idioms that are commonly used in negotiations. Match the idioms with the definitions. Then, write sentences using the idioms.

- | | |
|---|--|
| _____ 1. to undercut (someone) | A. to compromise with someone |
| _____ 2. to wheel and deal | B. to return to negotiations with a new offer |
| _____ 3. to knock down the price of (something) | C. to bargain vigorously and try to make an agreement to one’s advantage |
| _____ 4. to drive a hard bargain | D. to share; to give up part of what you want in order to make an agreement |
| _____ 5. give and take (give-and-take) | E. to reduce the price |
| _____ 6. to meet (someone) halfway | F. to sell your product for less than a competitor |
| _____ 7. to come down in price | G. to lower the price of your product |
| _____ 8. rock-bottom offer | H. the lowest price you can offer to buy something |
| _____ 9. to come back with an offer | I. to negotiate to buy and sell something, often in a way that is very close to being dishonest or illegal |



G. Read the text about body language and answer the questions.

Bargaining and Body Language

In addition to using effective language when negotiating, a successful haggler knows how to interpret and use body language in face-to-face negotiations to keep things moving along. Negotiation experts say it is essential to pay attention to your own and your counter-partner's body language during a negotiation. In fact, many oft-quoted rules or tips for bargaining are really about body language—what one should do rather than what one should say. Here are a few examples:

- *The Flinch*—Make a flinching motion when the seller first names a price for the item to indicate shock or displeasure.
- *The Poker Face*—Do not show anything that will give away your excitement and desire for the item.
- *The Shrug*—A slight shrug, a side-to-side nod, or any gesture that shows a level of disinterest can help you. Consider using it when you are being tempted with an item but the price is out of your range; when the vendor senses they may lose the sale, they are much more likely to consider, or even make a fair and more reasonable offer.
- *The Turnaway*—Move your body slightly as if you intend to walk out. If the vendor thinks you are about to leave without buying anything, he or she will likely improve the offer.
- *The Silent Treatment*—Silence can work in your favour. Awkward silences are often filled by a lower offer from the seller.

Interpreting your counter-partner's body language may be challenging, particularly in an unfamiliar country or culture. The chart below illustrates how body language may be interpreted during negotiations.

BODY LANGUAGE	POSSIBLE MEANING
avoiding eye contact	<ul style="list-style-type: none"> • lying • not interested • not telling the whole truth
serious eye contact	<ul style="list-style-type: none"> • trying to intimidate • showing anger
touching the face/fidgeting	<ul style="list-style-type: none"> • nervousness • lack of confidence • submission
nodding	<ul style="list-style-type: none"> • agreeing • willing to compromise
shaking the head/turning away	<ul style="list-style-type: none"> • frustrated • in disbelief • disagreeing with a point

1. How do you think each of the five examples in the first section could be interpreted by the seller?
2. What does the body language chart tell you about eye contact and how it may be interpreted?
3. Can you think of additional examples of body language and possible meanings? Add them to the chart.
4. Are there any specific gestures or body language that you would not be comfortable using? Why?

G. 🎧 Listen again to the dialogue from part C. Imagine seeing a video of the negotiation. What possible gestures, facial expression or other body language would you expect to see? Discuss with a partner.

H. With a partner, prepare a dialogue of a negotiation between a customer and a salesperson. Choose a role card or create your own with information about the item, the customer's budget, comparable prices, and possible discounts or extras that the salesperson could offer. Open the negotiation, then make and respond to offers and counter-offers. Use a variety of bargaining strategies as well as some idioms and expressions from this lesson. Practise the dialogue using body language and perform it for peer review.

SITUATION 1

CUSTOMER	SALESPERSON
<p>You want to buy a 50" LED flat-screen TV. You have checked prices online and in other stores for the make and model you want. The average price for this TV is around \$900.00.</p> <p>Your ideal budget is around \$800.00 including taxes, but you would like to spend less, if possible.</p> <p>You want the television to be delivered, for no charge if you can negotiate it. Your old TV stopped working, so you would like to buy something today if possible.</p>	<p>You earn commission on sales. Sales have been a little slow this month. The ticket price for the television is \$999.00.</p> <p>You know that the TV the customer wants to buy will be on sale for 20 percent off starting next Monday. Also, the manufacturer is about to launch a new line of TVs with the latest technology, so you will need to make room for the new inventory.</p> <p>You are willing and able to negotiate a lower price, and you need to reach your sales target for the month. You also need your commission.</p>

Role cards cont'd

SITUATION 2

CUSTOMER	SALESPERSON
<p>You are shopping for kitchen appliances—fridge, stove and dishwasher. You would consider buying all three from this store if the price were low enough, but you would consider buying them individually from different stores if that would save you more money.</p> <p>You want good quality, but top-of-the line isn't important. You need delivery for all three appliances and installation for the dishwasher.</p> <p>You don't have a set budget, but you really don't want to pay the sticker price. You know the prices that other stores are charging for similar appliances. You have time to compare prices at other stores, but you don't enjoy shopping, so you'd like to buy today if the price is reasonable.</p>	<p>You don't earn commission on sales, but you do have sales targets to meet. Sales have been fairly strong this month due in part to special promotions and manufacturers' rebates.</p> <p>You can offer the best price (20 percent savings) if the customer buys all three appliances as a package deal. The customer will also get a discount (15 percent savings) for buying two appliances together. You cannot offer a further discount on the package deals, but you could offer free delivery and a discounted installation and service contract.</p> <p>You can offer an additional 10 percent off if the customer wants to buy three floor models, which have a few scratches and marks. You would have to charge for delivery.</p>

Contracts



The activities in this section introduce concepts and issues that relate to contracts. The activities provide opportunities to practise key terms and language functions related to consumer contracts, and explore consumer rights and responsibilities as well as the consumer complaints process.

The *Contracts* section includes five sets of activities:

Contracts—What you should know

Contract Terms and Conditions

Gym Memberships

You can select activities to teach based on the needs and interest of the learners in your class. The activities can be used individually and need not be used in the sequence in which they are presented. You may also add your own activities where appropriate. Suggestions and ideas for extending or complementing the specific activities are included in the teaching notes.

Learning Outcomes

The sample outcomes below can help you plan a lesson or series of lessons about consumer contracts and complaints. The outcomes are intended to guide you in defining areas of content and contexts for the language instruction. The financial literacy outcomes can help you determine the aspects of financial literacy to include in your instruction in order to facilitate learners' understanding, knowledge and competence. The language outcomes can guide you in selecting and designing language activities at CLB 6–8 that support financial literacy. The activities included in this section are intended to support the outcomes below.

Sample Financial Literacy Outcomes	Sample Language Outcomes
<p>Understanding and knowledge</p> <ul style="list-style-type: none"> Understand terms and concepts common to consumer contracts Become aware of situations in which a contract is advisable to protect oneself as a consumer Become aware of consumer protection laws and the consumer complaint process <p>Application</p> <ul style="list-style-type: none"> Identify the purpose and elements of a legal contract Determine the information necessary to have before signing a fitness club contract Find facts about consumer rights Become familiar with the format, language and legal/financial rights and responsibilities with respect to a rental/catering contract Demonstrate understanding of select terms and conditions of various types of agreements (Internet service, car rental, apartment rental, etc.) Research various topics to learn about consumer rights Follow steps to cancel a direct sales agreement and make a formal complaint 	<ul style="list-style-type: none"> Demonstrate comprehension of the factual details and implied meanings in reading and listening texts about how contracts work Analyze an ad with a disclaimer and determine the questions necessary to get information regarding costs, terms and conditions Demonstrate comprehension of the terms and conditions in a rental agreement Demonstrate understanding of terms and conditions from various types of consumer contracts Write a cancellation or complaint letter for a consumer contract; include details and describe desired solution Research, organize, summarize and present information about various consumer rights topics

When planning a lesson or a series of lessons, you can use the listed outcomes as they are or develop your own based on the needs and interests of the learners in your class. For ideas and strategies for conducting a needs assessment, see the *Instructor Guide*.

Background Information and Key Language Elements

The text below provides background information on the topics of consumer contracts and complaints. You can use it to familiarize yourself with the key concepts that are presented in the learner activities in this section. For sources of more information on the topic or related classroom resources, please see the *Useful Websites* section.

The sidebar below lists major language elements that you may want to introduce or review to support the thematic content of the activities.

Basics of Consumer Contracts

A contract, whether verbal or written, is a legally binding agreement enforceable in a court of law. To be considered a valid contract, there must be an offer with specific terms, an acceptance of that offer, and consideration, or an exchange, such as a payment. The terms and conditions of contracts, which detail the rights and obligations of each party, often contain lengthy, complex sentences and legal jargon. As such, consumers lacking higher-order reading skills are at risk of not fully understanding essential legal and financial implications. By signing a contract, a consumer is bound by its terms, as long as the terms themselves are not in violation of the criminal code. However, if a company has intentionally used vague, overly complex language, or has taken advantage of a customer with zero or low literacy, the consumer's rights will be upheld in a court of law.

Cancelling a Contract

It may be possible to cancel a contract under the following circumstances: first, if there is mutual agreement between the parties to end the contract; second, if the contract states the specific cancellation terms; third, if the contract is subject to an automatic "cooling-off period." This is the period of time within which you are legally able to cancel a signed contract and get your money back. However, this only applies to certain types of contracts; laws vary by province. For example, there is no cooling-off period for vehicles in Ontario, but all direct sales contracts (e.g., door-to-door sales) and personal development service contracts (e.g., fitness club memberships) have a 10-day cooling-off period within which the consumer has a right to cancel without reason.

Filing a Consumer Complaint

In order to assert one's rights as a consumer, it is necessary to understand what constitutes a valid complaint and how to navigate the process of filing that complaint. The Consumer Protection Act governs most common consumer transactions in Ontario. If a consumer has a valid complaint against an individual or business, they are first required to file a complaint with that individual or business *before* submitting a complaint to the Ministry of Consumer Services. Depending on the nature of the complaint and on the number of complaints the ministry receives, an investigation could ensue and charges could be laid. If the complaint involves a business in a regulated sector (e.g., real estate, travel, motor vehicles, etc.), consumers must make a complaint directly to the regulatory body of that sector.

As a last resort, if the damages are less than \$25,000, consumers have the option of suing for breach of contract in small claims court.

Key vocabulary

party
offer
acceptance
consideration
terms
conditions
disclaimer
cooling-off period
regulated sectors
small claims court
estimate
recourse
buyer's remorse
arbitration
retainer fee

Verbs and verb collocations

to be bound by
to be subject to
to breach
to sue
to file a complaint
to resolve
to perform due diligence
to disclose information
be liable for
to reserve the right

Possible grammar structures

passive voice
modals
conditionals
phrasal verbs
gerunds/infinitives

Objective(s) and CLB level

The objective of this series of activities is to familiarize learners with some of the key vocabulary and concepts related to consumer contracts and basic consumer rights. The activities provide practice in vocabulary use, reading, writing, listening and speaking, and are generally appropriate for learners at CLB 6 to 8.

Targeted financial literacy outcomes

The activities in this section and the activity ideas in the teaching notes will help learners achieve the following financial literacy outcomes:

- Become aware of situations in which a contract is advisable to protect oneself as a consumer
- Identify facts about consumer rights relating to contracts
- Become familiar with the format and language of a rental agreement
- Research various topics to learn about consumer rights

Corresponding CLB competencies

- 👂 CLB 6: Understand descriptive or narrative monologues or presentations on generally familiar and relevant topics.
- 🗣️ CLB 6, 7: Participate in a small group discussion on non-personal familiar topics and issues: express opinions ...reservations, approval and disapproval (CLB 7).
- 📖 CLB 6–8: Get information from moderately complex business/service texts containing advice ... or detailed specifications (CLB 6), assessments, evaluations and advice (CLB 7), ... recommendations and statements of rules, regulations or policies (CLB 8).
- 📖 CLB 6, 7: Access, locate and compare (CLB 6) or integrate (CLB 7) ... information from online reference sources.
- ✍️ CLB 7–8: Reduce short oral discourse to notes (CLB 7); reduce oral discourse about established procedures into notes ... (CLB 8).

Procedures

A. The warm-up questions are intended to generate learners' prior knowledge of and experience with contracts.

Suggested answers: 5. rent/lease/buy a car, buy a cell phone, rent a water heater, get a credit card

6. hiring a contractor (e.g., roofer, paver, painter etc.), hiring a caregiver, lending someone money, etc.

B. This vocabulary-matching exercise introduces the key contract vocabulary that appears in the activities that follow.

Answers: 1. g 2. e 3. h 4. i 5. b 6. c 7. d 8. a 9. f

C. Learners explain and then use common collocations in sentences.

Contracts—What You Should Know

D. The reading text explains the components of a valid contract and provides information about the consumer complaint process.

Answers:

1. Answers will vary. For gym membership: the parties are the gym owners and the customer, offer is the membership plan, acceptance is client choosing a plan; consideration is payment of fee or arranging to make payments (monthly, yearly etc.).
2. There is no evidence other than the word of the parties to prove the terms and conditions of the contract, or even whether a contract was made.
3. If there is a cooling-off period and it is cancelled within that timeframe; if both parties agree to cancel; if there is a cancellation clause in the contract.
4. If one party breaches the contract, the other party has recourse under the law; a breach could be failing to provide the service or goods; failing to pay according to the terms of the contract.
5. First, make a complaint (in writing) to the person or business; if the issue is not resolved, then register a complaint with the Ministry of Consumer Services or with the regulatory body (if the business is regulated under the Consumer Protection Act); or you could sue in a small claims court.

Extend the activity: Learners can go to the Ontario Ministry of Consumer Services website to see top consumer complaints and advisories: <http://www.sse.gov.on.ca> >Top 10 Complaints and Inquiries.

E. This is a long interview between an interviewer and an expert. It reinforces the information introduced in the previous reading texts (Part B and C) and provides additional information. For CLB 6 learners, you may need to pause after each of the seven points. For CLB 8 learners, you can ask them to summarize the points orally or in writing after the first listening. As learners listen, they will take notes on what advice is given for people who are considering signing a contract and for people who are actually signing a contract.

Answers: Before signing – shop around (compare prices, get estimates, etc.); research the company (ask for and check references); never feel pressured to sign. When signing: get it in writing; read the fine print; have a lawyer review it, if necessary; know if and how you can get out of the contract; get and keep a copy of the contract.

Transcript

- A: Our topic today is consumer contracts. Our guest is an expert on the subject. She's going to explain the basics. Thanks for joining us, Alina.
- B: Thanks, Mark. Yes, I'm going to give you an introduction to what can be a very complex legal topic. However, whether it's for a cell phone, credit card, gym membership or home renovation, there are seven fundamental things you need to know about contracts.
- A: All right, let's get right to it. What's first on your list?
- B: Number one is that before you even consider signing a contract, make sure you shop around. That means comparing prices, guarantees or warranties, the duration of the contract, and any other terms or conditions that are important to you. For services, such as a home roofing or paint job, ask for and compare at least three estimates—don't just go with the first one you get.
- A: So what you're saying is, do your homework, right?

Contracts—What You Should Know

- B: Exactly, because no one else can do that for you. It will take time and effort, but it pays off, because the more you know, the more you can negotiate for the best possible service and price. The second point is to know who you are dealing with before you sign a contract. If you aren't sure about a company's reputation, research the company yourself, or even better, check with the Better Business Bureau.
- A: It's hard to know who you can trust. I know I always ask family and friends for a referral and if I can't get one, I make sure to ask for a reference letter.
- B: Yes, word of mouth and references are important, but I can't emphasize enough the importance of investigating a company and checking the references they give you. In business, this is known as "performing due diligence." It's always worth it because it may end up saving you valuable time and money. The third point I'd like to make is to never feel pressured into signing a contract immediately. It's okay to sleep on it. Take as much time as you need so that you feel comfortable with and confident about your decision.
- A: You mean if someone is pressuring you, that's a signal to step back.
- B: Absolutely. Especially if they start telling you that they're giving you a once-in-a-lifetime special deal that won't be offered ever again, or lines like that.
- A: It's hard to resist those sales tactics, though, isn't it? I mean, you want to believe that what you're hearing is the truth, don't you... all right, let's move on to the next point on your list.
- B: Number four is so important it has become a cliché. I'm sure you've heard it before: Always get it in writing; never rely on verbal promises! Make sure any agreements or claims made by a vendor, a service provider or salesperson are written into a contract. Don't be hesitant to cross out parts of the contract that you don't agree with, but make sure any of those changes are initialed by both you and the other party before you sign. Also, fill in any blank spaces so details can't be added later without your knowledge or permission.
- A: That's good advice. Some people may feel shy about suggesting or making changes, thinking that a contract is something set in stone.
- B: Remember, a contract is a two-way street—it's what you and the other party agree on. Now, once you have a written contract, make sure you read the fine print. If you don't understand any of the terms or conditions in the contract, ask questions. And if you're still confused, get advice, even if it means having a lawyer review it. Remember, you are responsible for what you sign. A contract cannot be changed or broken unless you and the other party both agree to the new terms.
- A: Yes, wading through all that legalese is tough going...I mean, I understand why so many people just avoid reading the fine print altogether.
- B: I should mention here that there has been a push over the past years towards using what's called "plain language" in published communications. This means language that the average person understands, rather than the complex legal and technical jargon that has traditionally been used. More and more businesses are slowly coming on board, so we're moving in the right direction. I should also say that in a case where a company has intentionally used vague or overly complicated language, and there has been a misunderstanding, the consumer's rights will be upheld in a court of law.
- A: It's reassuring to know the law is on the consumer's side in that respect.
- B: It certainly is. Now we're now at point number six, which is to know if and how you can get out of a contract. Sometimes, a short period of time is allowed to cancel a contract without penalty; it's called the "cooling-off period" and it should be described in the contract. But even if it isn't spelled out, you could still have a cooling-off period, so check the *Consumer Protection Act* of your province or territory.

Contracts—What You Should Know

- A: Can you give us an example of a contract that would have a cooling-off period?
- B: Sure. All direct agreements—that is, contracts that are signed in a door-to-door sales situation in your home—have a cooling-off period of 10 days here in Ontario if they're worth more than \$50. As well, personal development service agreements, such as gym membership contracts, are subject to the 10-day cancellation period.
- A: And otherwise?
- B: Otherwise, to cancel a contract before it is over, both parties have to agree, and most of the time, it will cost you. That's why experts stress knowing what you're getting into when you sign. You can waste a lot of time and money hiring a lawyer and possibly going to court.
- A: What's the final piece of advice you have for us today?
- B: Last but not least, point number seven is to always get and keep a copy of any contract you sign or enter into using the Internet. You may need it for future reference or to file a complaint if you have a problem.
- A: Thank you so much for sharing your expertise with us, Alina.

F. For CLB 6 learners, have them read the questions before listening to the interview again.

Answers: 1. Not shopping around/doing your homework. 2. You risk dealing with a company with a bad reputation/low rating with the BBB; you could get ripped off. 3. Being pressured into signing; hearing lines like "once-in-a-lifetime special deal." 4. Clarifying terms & conditions; filling in blank spaces. 5. Terms and conditions; you could get locked into an agreement you don't understand. 6. Look for plain language contracts; the law is on the consumer's side in cases of intentional confusion. 7. Door-to-door sales; gym membership—both have a 10-day cooling-off period. 8. Be sued in court; lose money and time. 9. Having a copy of the contract on file.

G. Learners now have the chance to read an actual contract—a rental agreement. This first activity is a way to familiarize learners with the format/structure (i.e., division into sections and subsections) and language of a simpler, more familiar contract. First, have learners skim the text in order to assign a title to each section.

Answers: A. Parties B. Property C. Term D. Rent E. Utilities F. Deposit G. Additional Terms & Conditions H. Signatures

After rereading the contract and answering the questions, you may wish to further analyze the language used in the contract. As an extension, learners can find examples of and analyze the usage of passive voice, modal verbs, and formal words/expressions. Have CLB 7/8 learners paraphrase parts of the contract in their own words.

Answers: 1. T 2. T 3. T 4. T 5. T 6. F 7. T

Contracts—What You Should Know

H. This is a research and presentation activity. CLB 6 learners may want to work in pairs, whereas CLB 7/8 learners can be asked to work independently. For the first activity, learners can use the short but informative videos about relevant consumer topics available on the *Ontario Ministry of Consumer Services* website. As well, learners can access brochures with additional information on the same website.

Video clips: Ontario Ministry of Consumer Services > Video Tips > Know your rights

Brochures: Ontario Ministry of Consumer Services > Information Brochures

You can also encourage CLB 7/8 learners to do further research if necessary. For example, they can find articles about the topics they research and incorporate that information into their presentation.

For the second suggested activity, learners can research the Better Business Bureau website along with articles that may offer a critical analysis of how reliable or unbiased the ratings system is.

Extend the activity: Ask learners to compare and contrast consumer laws in different Canadian provinces and territories. Learners can compare two provinces or territories, or the class can create a wiki or blog presenting an overview across Canada.

Note: For additional practice reading a contract, there is a catering contract provided in the section *Terms and Conditions*.

A. Discuss the following questions in small groups.

1. What is a contract? What are the features of a valid contract?
What details can be included in a contract?
2. What is the purpose of a contract?
3. Are consumer contracts common where you are from? What are the features of a valid contract in your country of origin?
4. Have you ever entered into a contract? Describe the situation.



B. Match the words with their meanings.

- | | |
|--------------------------------|---|
| 1. ____ contract terms | a. a neutral person who negotiates an agreement to settle a dispute between parties |
| 2. ____ contract conditions | b. an arrangement initiated and completed outside of the formal judicial process; without the involvement of courts and judges |
| 3. ____ recourse | c. the civil court that handles cases where the amount of money or the value of the goods involved is \$25,000 or less |
| 4. ____ a breach of contract | d. a non-governmental organization that regulates the activities of companies in an industry for the government |
| 5. ____ to settle out of court | e. a requirement stated in a contract, which must be met in order to oblige the other party to fulfill his/her obligations |
| 6. ____ small claims court | f. the consent of all parties |
| 7. ____ regulatory body | g. specific details that have been agreed upon by the parties, such as lines in a contract stating that full payment is due by a certain date |
| 8. ____ mediator | h. access or resort to a person or thing for help or protection |
| 9. ____ mutual agreement | i. failing to perform any term of a contract without a legitimate legal excuse |

C. Explain the collocations below. Make sentences to show their meanings.

1. to breach the terms of contract:

2. to cancel a contract:

3. to be bound by a contract:

4. to sign a contract:

5. to renegotiate the terms of contract:

6. to enter into a contract:

D. Read the text below and answer the questions that follow.**CONTRACTS**

Whether you purchase a car, rent an apartment, get a credit card, sign up for a gym membership or hire someone to paint your home, entering into a contract is strongly advised or even required. Consumer contracts are legal agreements that have four essential components:

- Parties: two or more parties who freely intend to make a contract, are of age and mentally competent.
- Offer: one party makes an offer, for example to sell or provide a good or a service.
- Acceptance: the other party, the buyer, accepts the offer.
- Consideration: a form of payment is given or promised in return for the promised goods or services.

A contract can be verbal or written. However, to protect oneself, it is wise to have a written contract, as verbal agreements are difficult to prove under the law.

A contract should explain the rights and obligations of the buyer and the seller, information usually found in a section of the contract entitled *Terms and Conditions*. An explanation of charges is an example of a contract term. Agreeing to buy a car as long as it passes an inspection is an example of a contract condition. If you sign a written contract, then you are bound by its terms and conditions regardless of whether you have read them or not, as long as the terms themselves are not in violation of the criminal code. Your rights and responsibilities are based on various federal and provincial laws.

It may be possible to cancel a contract under the following circumstances: first, if there is mutual agreement between the parties to end the contract; second, if the contract states the specific cancellation terms; third, if the contract is subject to an automatic “cooling-off period.” This is the period of time within which you are legally able to cancel a signed contract and get your money back. However, this only applies to certain types of contracts; laws vary by province.

If one party breaches the terms of a contract, the other party has recourse under the law. The Consumer Protection Act governs most common consumer transactions in Ontario. A consumer who has a valid complaint against an individual or a business is first required to file a complaint with that individual or business *before* submitting a complaint to the Ministry of Consumer Services. Depending on the nature of the complaint and on the number of complaints the ministry receives, an investigation could ensue and charges could be laid. If the complaint involves a business in a regulated sector, such as real estate, travel or motor vehicles, consumers must make a complaint directly to the regulatory bodies of the sector.

Consumers also have the option of suing for breach of contract in small claims court if the damages are less than \$25,000. This can be an expensive and time-consuming process, so reaching a settlement out of court or using a professional mediator to help resolve the matter can be a better first step.

1. Using one of the examples from the first paragraph, identify the four components of a legal contract: the parties, the offer, the acceptance and the consideration.
2. What are the risks of entering into a verbal contract?
3. Under what circumstances is it possible to cancel a contract?
4. What happens if one of the parties involved breaches the terms of the contract? Give examples of possible breaches of contract.
5. Describe the steps that may be taken when a breach of contract occurs.

E. 🎧 Listen to a talk and take notes of seven key points and supporting details. Compare your notes with a partner.

Before you consider signing a contract ...

When signing a contract ...

F. 🎧 Listen again and answer the questions.

1. What can prevent you from getting the best possible service and price?
2. What are the potential consequences of not performing due diligence?
3. What signals should you be wary of when a contract is involved?
4. What can help prevent misunderstandings or fraud when you sign a contract?
5. What is contained in “the fine print” and what are the consequences of not reading it?
6. What points does the speaker make about the language of contracts?
7. Explain the term *direct agreement* and give an example of a *personal development service agreement*. What do both of these agreements have in common?
8. What are the potential consequences of cancelling a contract?
9. What will help protect you if there is a breach of contract?

G. Skim the rental agreement on the next page and label the sections A–H with the headings provided. After that, read the rental agreement and decide whether the following statements are true or false.

• Additional Terms & Conditions	• Utilities	• Rent	• Term
• Signatures	• Parties	• Property	• Deposits

1. If you move out, the landlord owes you the deposit and the interest it has accrued over the rental period, minus any money owed to the landlord. _____
2. As long as you get permission from the landlord, it's possible to sublet your apartment. _____
3. The landlord doesn't need to tell you more than a day in advance if he/she needs to enter your apartment. _____
4. You can't paint your apartment unless you get the landlord's permission. _____
5. It's not possible to have customers or clients meet you in your apartment. _____
6. When you move out, you are expected to leave the apartment in the exact condition it was when you moved in. _____
7. If you sue your landlord and the court rules in the landlord's favour, you have to pay the landlord's legal fees. _____

RENTAL AGREEMENT**A.** _____

The parties to this Agreement are _____, hereinafter called “Landlord,” and _____, hereinafter called “Tenant.” If Landlord is the agent of the owner of said property, the owner’s name and address is: _____.

B. _____

Landlord hereby lets the following property to Tenant for the term of this Agreement: (a) the real property known as _____ and (b) the following furniture and appliances on said property: _____.

C. _____

This agreement shall run: (a) for the period of _____ to _____, or (b) month-to-month.

D. _____

The monthly rental for said property shall be \$ _____, due and payable by cheque on the _____ day of each month.

E. _____

Landlord agrees to furnish the following services and/or utilities:

____ Electricity ____ Gas ____ Garbage Collection ____ Snow Removal ____ Water ____ Oil

F. _____

Tenant will pay the following deposits and/or fees: _____. This amount will be refunded (plus interest) within 30 days following the termination of the tenancy; unpaid rent, charges for damages beyond normal wear and tear, and costs for reasonable cleaning may be deducted.

G. _____

1. Tenants shall not lease, sublease or assign the premises without the prior written consent of the Landlord (but this consent shall not be withheld unreasonably).
2. Landlord may enter the premises at reasonable times for the purposes of inspection, maintenance or repair, and to show the premises to buyers or prospective tenants. In all instances, except those of emergency or abandonment, the Landlord shall give Tenant reasonable notice (at least one day) prior to such entry.
3. Tenant agrees to occupy the premises and shall keep the same in good condition, reasonable wear and tear excepted, and shall not make any alterations therein without the written consent of the Landlord.
4. Tenant agrees not to use the premises in such a manner as to disturb the peace and quiet of other tenants in the building. Tenant further agrees not to create, cause or maintain a public nuisance and not to conduct business or commercial activities on the premises.
5. Tenant shall, upon termination of this Agreement, vacate and return dwelling in the same condition that it was received, less reasonable wear and tear and other damages beyond the Tenant’s control.
6. In a dispute between the Landlord and Tenant which gives rise to any action in court, the losing party will pay the court costs and reasonable attorney fees of the successful party.
7. Additional terms: _____.

H. _____

We, the undersigned, agree to this Rental Agreement:

_____ (Landlord) and _____ (Tenant)

H. ⓘ Conduct Internet research on one of the following topics and present the information to the class.

1. Look at the list of *Know Your Rights* video topics on the *Ontario Ministry of Consumer Services* website. Choose a topic that interests you, watch the video and take notes, paying special attention to information that refers to contracts.

- Movers
- Buying a New Car
- Car Repair Estimates
- Booking Travel
- Fitness Clubs
- Home Improvement Contracts
- Home Improvement Estimates
- Home Improvements—Hiring a Roofer
- Home Improvements—Hiring a Paver
- Water Heater Rentals

If necessary, research the topic further. For example, incorporate information from the brochures available on the *Ontario Ministry of Consumer Services* website.

Objective(s) and CLB level

The objective of this series of activities is to familiarize learners with some of the key vocabulary and concepts related to understanding terms and conditions in contracts. The activities provide practice in vocabulary use, reading, writing and speaking. These activities are generally appropriate for learners at CLB 6 to CLB 8.

Targeted financial literacy outcomes

The activities in this section and the activity ideas in the teaching notes will help learners achieve the following financial literacy outcomes:

- Demonstrate understanding of select terms and conditions of various types of agreements (e.g., Internet service, car rental, gym membership, etc.)
- Become familiar with the format, language and legal/financial rights and responsibilities with respect to a catering agreement

Corresponding CLB competencies

- 🔗 CLB 6: Understand descriptive or narrative monologues or presentations on generally familiar and relevant topics.
- 📖 CLB 6–8: Get information from moderately complex business/service texts containing advice ... or detailed specifications (CLB 6), assessments, evaluations and advice (CLB 7), ... recommendations and statements of rules, regulations or policies (CLB 8).
- 📖 CLB 6, 7: Access, locate and compare (CLB 6) or integrate (CLB 7) ... information from online reference sources.

Procedures

A. You may find it helpful to use material in *Contracts*—what you should know as an introduction to this series of activities. Otherwise, you could introduce the topic by eliciting from learners a definition of terms and conditions and some simple examples. (*Terms* are the provisions of an agreement between a supplier and a consumer, including such items as the cost, length of commitment, etc.; *conditions* are events, actions or obligations that must be fulfilled before a contract is fulfilled. Together, the terms and conditions of a contract set out the rights and responsibilities/obligations of the parties who enter into a contract.)

After the warm-up, have learners skim the excerpts provided to get a general sense of what each is about. The final one is not specific to one product or service, so answers may vary.

Answers: 1. gym membership contract 2. extended warranty for a camera 3. internet service

4. car rental 5. online purchase 6. cable TV

B. In order to complete this activity, learners have to read the terms in detail. Have learners do this independently and then compare and discuss their answers.

Answers: 1. T 2. T 3. F 4. T 5. F 6. F 7. F 8. T 9. F 10. F 11. F 12. F

C. Answers: 1. be liable 2. dues 3. verification 4. prior to 5. prevailing 6. stemming from 7. sole discretion 8. integral precondition 9. terminate 10. grace period 11. constitute 12. discrepancies

Extend the activity: For CLB 8 learners, you can challenge them to paraphrase selected terms in their own words using plain language.

Contract Terms and Conditions

D. This catering contract is written in clear, plain language; however, it is still full of formal, contractual jargon. Understanding the language is key to knowing what the legal/financial implications of signing the contract are. To start, divide the class into groups of three. Distribute all three parts of the contract to each learner. As an introduction, draw the learners' attention to the format. Elicit how it is organized/divided and the information contained in each part. Assign each member of the group one part of the contract to focus on. After doing the language check for their part, learners will share their information with the rest of the group. As a follow-up, learners in each group could create a list of contract terms and sentences that illustrate their meaning.

E. Learners are asked to role-play a client/caterer conversation using the contract. Partner A has a role-card with cues about what to ask Partner B (Patron Profile 1). Partner B needs to find/explain the answers by referring to the contract. Partner A should be encouraged to ask clarifying questions to challenge Partner B (e.g., *What's the difference between a retainer fee and a deposit?*). Learners switch roles. In the second round, Partner B uses Patron Profile 2 and Partner A refers to the contract for answers. Encourage learners to improvise and ask any other questions inspired by the profile.

Extend the activity: To encourage learners to engage more with the language and concepts in this contract, you could divide the class into groups and ask them to write a True/False or multiple-choice quiz for their assigned part. They would then distribute these to the rest of the class to test their comprehension.

F. There are two suggested research activities. Learner can choose to do one or both. In the first, have learners either bring contracts into the classroom that they have signed, to analyze and present, or have them search for a contract online to do the same. The second activity asks learners to find ready-made contract templates online. Encourage learners to choose one that has/will potentially have relevance in their lives. These templates can be filled in online for further practice. Ensure that learners are using a Canadian source, as consumer laws vary.

G. This activity challenges learners to apply what they have learned about the format and language of contracts. Ask pairs to come up with a simple scenario (one of the suggested topics, or one of their choice) and write a contract with terms and conditions. Depending on your learners, it can be as simple or as complex as necessary.

Beyond the classroom: Learners can review the contracts they have signed in Canada and analyze the language used in the terms and conditions. Learners can also access sample contract templates online to see the possible situations in which someone would sign a contract, as well as parts and clauses a contract can have.

A. Skim the excerpts of the terms and conditions from different types of consumer contracts. Identify the possible product or service each excerpt can refer to.

1. _____:

Member has applied for a one-year membership. Member shall be liable for dues and services for the full one-year term of this agreement in the amount as stated herein regardless of usage, unless s/he moves 10 km from current business residence. Verification of such move must be provided in writing 30 days prior to the effective date of cancellation. After the initial one-year term membership has expired, this Agreement shall automatically continue from month to month at the prevailing rate, which is subject to change, unless 30 days written notice is provided to the club.

2. _____:

This Extended Limited Warranty does not cover damage or malfunctions stemming from other than normal and proper usage. This Extended Limited Warranty also does not cover the following: (a) intentional or accidental misuse or abuse (including, but not limited to, damage from sand, dirt, water, liquid or impact), (b) failure to follow operating or maintenance instructions, (c) product tampering, or (e) droppage. The manufacturer's responsibility under this Extended Limited Warranty is limited to the repair, adjustment or replacement of defective parts as determined by the manufacturer in its sole discretion.

3. _____:

In connection with your purchase of the Equipment and Software, you must maintain I-Net's internet services for a period of three (3) years (the "Term"). The internet services are an integral pre-condition for this Agreement, and at any time during the Term of the Agreement, should you terminate your internet services with I-Net, any amounts remaining to be owed on the Equipment, as well as any amount owed as a result of your termination of the internet services prematurely (before the 3 year term has expired), shall become immediately due and payable.

4. _____:

Vehicle to be returned to specified location by date and time specified. There is no grace period on vehicle return. Any vehicle returned after the indicated return time will be charged to renter at the maximum daily rate.

5. _____:

We reserve the right at any time to reject, correct, cancel or terminate any order for any reason whatsoever. Your properly completed and delivered order form constitutes your offer to purchase the products or services referenced in your order. Your order will be deemed to be accepted only if and when we send a shipping notice email to your email address. That shipping notice email constitutes our acceptance of your order and forms a legally binding contract with Company XYZ.

6. _____:

If you have a complaint, problem or dispute with this statement or any charge on it, contact us immediately but in any event within 21 days of the Closing Date of this statement. Otherwise, this statement will be considered accurate except for any amount which has been improperly credited to the account and you may not later make a claim against us in respect of any item on this statement. Subject to the Cardmember Agreement, if you contact us as required, we will take all reasonable and appropriate steps to provide the information you request or attempt to resolve the dispute.

B. Match each statement with the appropriate excerpt from Part A. Mark the statements that are true.

1. If you decide to move back to your country, you cannot receive a refund for the remainder of time in the contract without giving one month's notice. _____
2. You tell the club that you do not want to renew your membership three weeks in advance of the expiration date. You will be charged for an extra month. _____
3. You accidentally drop your camera in a lake while on a canoe trip. The extended warranty will cover the cost of any repairs. _____
4. The manufacturer is the only one who can decide if or how to repair the camera. _____
5. If you buy I-Net's equipment, you can choose to use another Internet service provider other than I-Net in the first three years. _____
6. If you decide to cancel the Internet service after one year, you do not have to pay for the remaining 24 months of Internet service. _____
7. This car rental company has a flexible policy around where and when you bring the car back. _____
8. If you sign this contract and return the car 15 minutes late, the company has the right to add the cost of an extra day to your bill. _____
9. The company needs a sound reason to cancel your online purchase order. _____
10. An online transaction (purchase order and shipment of order) between you and this company is not a legal contract because you have not signed anything. _____
11. If you were charged too much for an item, you have three weeks from the date you receive your statement in the mail to contact the company for a refund. _____
12. If the company mistakenly refunds you an amount, they are obliged to rectify their error within 21 days. _____

C. In the excerpts in part A, find the words that mean the same as the following words/phrases:

- | | |
|-------------------------------|---|
| 1. legally responsible _____ | 7. it is the company's decision _____ |
| 2. fees _____ | 8. essential prerequisite _____ |
| 3. confirmation _____ | 9. end _____ |
| 4. before _____ | 10. additional time given without penalty _____ |
| 5. current _____ | 11. be/represent _____ |
| 6. occur as a result of _____ | 12. differences _____ |

D. Work in groups of three. Read the part of the catering contract assigned to you. Complete the following so you can be the “expert.”

1. Define any words or phrases that are new to you.
2. Identify formal words or phrases/contract jargon and paraphrase them.
3. Summarize the key information, terms and conditions of your part for your group.



PART 1

General Information and Policies

Our professional resources in culinary and service skills afford you complete assurance that all commitments will be carried out to your satisfaction. In order to ensure you and your guests a well-organized function, we must ask that we both adhere to the following catering policies:

Payments and Retainer Fee

There is a 50% retainer fee on all events, unless prior arrangements have been made with our catering coordinator. We accept cash, cheques and credit cards. If we receive a payment for services via cheque and that payment bounces with our bank you will be responsible for a \$30.00 fee.

Guarantees

The coordinator must be notified of the exact number for which you wish to guarantee services not later than five working days before the event. In the event a guarantee service number is not received, the original estimated attendance count will be prepared and charged. The charge for each additional person is \$25.00.

Taxes

All applicable taxes will be imposed and paid by the client. If the client's organization is tax-exempt, the caterer must receive a certificate reflecting the client's exemption status not later than five working days before the event. If the caterer does not receive this certificate, the client agrees to pay all taxes associated with the event.

Cancellations

If the client cancels a contracted food and beverage event, and/or facility, the caterer can retain all or a portion of the retainer fee as liquidated damages.

PART 2

1. I, Client, agree to pay for all guests attending but not less than for the number of guests guaranteed. Caterer may limit services to the number of guests guaranteed or the number of guests Caterer deems to be the maximum for the facility. Arrangement for additional guests and menu changes must be made at least five (5) days prior to the functions and such final guarantee, whether oral or written, shall be binding on Client as if originally guaranteed. In no event shall guarantee be less than originally agreed upon.
2. Caterer reserves the right to make reasonable additional charges for events running beyond the time agreed upon. The agreed charge is \$50.00 per hour.
3. In the event Client cancels or otherwise breaches this agreement, Caterer shall retain \$300.00 and/or any reasonable out-of-pocket expenses incurred by Caterer of deposit for damages.
4. Any balance due will be paid in cash, money order or check within seven (7) days of the start time of function.
5. Delinquent Accounts: We reserve the right to assess finance charges on any amount unpaid when due at an interest rate of 1.5% per month or the maximum rate permitted by law.
6. In the event that the caterer must seek legal remedies to complete execution of this contract, the client agrees to pay all reasonable attorney fees.

**PART 3**

7. Caterer reserves the right to substitute items that become unavailable in the open market or that exceed reasonable market costs. Caterer will notify Client for approval if time allows.
8. Caterer and/or its agents will be liable for any damage to property entrusted to its employees, for the loss of any property by theft or otherwise. Client assumes responsibility for any damages to any property rented to Client that may be caused by Client, members, guests or invitees.
9. Caterer shall have no responsibility or liability for failure to supply any services when prevented from doing so by strikes, accidents or any cause beyond Caterer's control, or by orders of any governmental authority, except to return said retainer fee within sixty (60) days.
10. Caterer will charge one-half the menu price per person for musicians and photographers participating in the function.
11. Caterer reserves the right to regulate the volume of music played during the function.

This agreement constitutes the entire agreement between the parties. No modifications or cancellations thereof shall be valid nor of any force effect unless in writing signed by the Caterer. The undersigned acknowledges that (s)he has read and accepted all the terms of CATERING AGREEMENT and had executed the Agreement on the:

(Date)_____ by returning it within ten (10) working days. Failure to comply will risk securing the aforementioned contracted day of function.

The agreement coincides with the CATERING ORDER WORKSHEET which outlines the exact type of food, times and equipment to be provided by caterer for Client. A copy of the CATERING ORDER WORKSHEET must accompany this agreement to make it whole.

E. Role-play a conversation between a client and the caterer. Partner A (client) uses the Client Profile 1 role-card and Partner B (the caterer) refers to the contract. Switch roles. Partner B uses Client Profile 2. Add your own questions to the role-play.

Example:

Partner A (client): *Do I have to pay any fees up front?*

Partner B (caterer): *Yes, as stated in the second section, Payments and Retainer Fee, we require a retainer fee of 50 percent.*

Client Profile 1

Event: Wedding reception

Place: Client's home

Guests: 50 people

Time: 5–10 pm

Information to ask about:

- adding last-minute guests the day of
- refund of retainer fee in case of cancellation
- extending the length of the event on the day
- penalty if payment is late
- time final payment is due
- policy if caterer damages client's home

Client Profile 2

Event: Charity Ball

Place: Banquet Hall

Guests: 300 people

Time: 7–11 pm

Information to ask about:

- policy with regard to NSF cheques
- reducing the number of guests the day before
- policy around tax exemptions
- policy for menu selections that are unavailable the day of
- course of action if caterer's equipment is damaged during the event
- special discounts available for event personnel

F. Complete the following research activities.

1. Read the terms and conditions in a contract for an item or service you have purchased or would like to purchase (e.g., a cell phone, storage space rental, car lease, credit card, moving company, rental agreement, etc.), or search for one online. Bring the contract to class. Select a few terms and paraphrase them into plain language. Present to the class.

Suggested search terms: *Company name + contract / service agreement*

2. Search online for contract templates. Read the list of available contracts and choose one that you might use (e.g., sales agreement, service agreement, cleaning agreement, sublease agreement, childcare services agreement, etc.). Present the contract to the class, making sure to explain any new vocabulary, terms and conditions or other features that make this contract unique.

Suggested search terms: *contract templates + Canada*

G. With a partner, draft a simple contract between two parties. Include terms and conditions specific to your situation. Use the standard format and contract language you have learned. Use one of the situations below or create your own.

- Ann Anderson lends a substantial sum of money to Bill Brown.
- Bill Brown allows Ann Anderson to use his expensive camera at her brother's outdoor wedding.
- In October, Ann Anderson hires Bill Brown to repair her roof. She wants it repaired before winter weather arrives.
- Bill Brown sublets his apartment to Ann Anderson.
- Ann Anderson hires Bill Brown as a nanny for her three school-age children.

Teaching Notes | Gym Memberships

Objective(s) and CLB level

The objective of this series of activities is to familiarize learners with some of the key vocabulary and concepts related to gym membership contracts. The activities provide practice in vocabulary use, reading, writing, listening and speaking. These activities are generally appropriate for learners at CLB 6 to CLB 8.

Targeted financial literacy outcomes

The activities in this section and the activity ideas in the teaching notes will help learners achieve the following financial literacy outcomes:

- Understand vocabulary and concepts related to fitness club contracts
- Learn about consumer protection laws for gym memberships
- Determine the information necessary to understand before signing a gym membership contract

Corresponding CLB competencies

- 🗣️ CLB 6: Understand descriptive or narrative monologues or presentations on generally familiar and relevant topics.
- 📖 CLB 6–8: Get information from moderately complex business/service texts containing advice ... or detailed specifications (CLB 6), assessments, evaluations and advice (CLB 7), ... recommendations and statements of rules, regulations or policies (CLB 8).

Procedures

A. Learners are asked to read an example of a typical fitness club promotional flyer/ad. The information provided in the ad is very basic, however the disclaimer or fine print contains information about the terms and conditions. The questions are meant to get learners to look at the ad critically and to generate questions that arise after reading it. You can also bring in other authentic flyers or ads so learners have a selection to compare.

B. The list given contains key points that financial experts advise consumers to inquire about when joining a gym, mixed with more general points one may want information about.

Answers: 4 and 8 do not have financial consequences; the others may have direct financial consequences.

C. Learner will listen to a potential customer call to inquire about memberships based on the flyer she received. Learners should use the check boxes to check off what points are covered during the conversation.

Answers: 1, 2, 5, 6, 7

Transcript

- A: Hello and thank you for calling Supreme Fitness. How can I help you?
- B: Hello. I'm calling for some information about gym memberships.
- A: Okay, great. Can I have your name and contact number please?
- B: Sorry, I'm not prepared to give any personal information today. I just have a few questions.
- A: Yes, I understand. Are you currently a member of Supreme Fitness?
- B: No, and I've never had a membership with you before.
- A: May I ask how you heard about us?
- B: A flyer came in the mail a couple of days ago saying you're offering \$6 a month with no contract.

Gym Memberships

- A: Yes, that's our latest promotion. It's a great deal. \$7 a month for the first two months and that includes unlimited access to all our group fitness classes as well.
- B: So, does that mean you require a \$14 payment in total...that's it? There's no initiation fee?
- A: That's right. But it's only for the first 50 people who sign up.
- B: Is that at all your locations, or is that 50 per gym?
- A: That's across the board—we have several locations. Let me check here...hmmm, it looks like we only have a few memberships left at the promotional rate. You should plan on dropping by to see us as soon as you can, 'cause you don't want to miss out on this offer.
- B: Okay, that's good to know, I'll keep it in mind. Anyway, back to my questions....if I wanted to continue after the two months are up, how does it work? Does the monthly rate go up?
- A: Well, that depends on the membership plan you choose... If you choose our most expensive plan, the rate will stay the same ...
- B: Are there any cancellation fees?
- A: Well, if you sign an annual contract and you cancel, then you're responsible for the months remaining on that contract. But you'll have to come in and talk to one of managers about all the finer details of the terms of the agreement.
- B: Just one more thing, what about membership renewals? Is it automatic, like I've heard it is in many gyms?
- A: We notify you in advance when your membership is due to expire, but it's up to you to let us know your intentions, at least 30 days in advance...otherwise, yes, we assume that you want to continue pursuing your fitness goals with us...
- B: Okay. I guess that just about covers it. Thank you for your help.
- A: Remember, the promotional offer ends soon and it's selling out fast. Pop by today and we'll give you a tour of our facilities before we sit down together.
- B: I'll think about it. Thanks again. Bye.

D. Answers: 1. See transcript. 2. Answers will vary. 3. The customer service representative speaks in very positive terms about the gym and the offer (it's a great deal); tries to pressure the caller by saying the special deal is selling fast (you don't want to miss out); uses psychology (you can't put a price on your health; pursue your fitness goals with us); tries to create a bond (we'll give you a tour...before we sit down together).

E. This text is excerpted from a list of consumer rights that appears on the *Ontario Ministry of Consumer Services* website. Learners are asked to read it and categorize the information into four areas. Answers:

Consumers

Rights: To cancel within 10 days of receiving a written copy of the agreement or the day all the services in the agreement are available, whichever is later; to cancel a contract 10 days from the start of the services at an interim club; to use the facility during the 10-day cancellation period; to pay membership dues and any initiation fees in monthly installments.

Responsibilities: To submit a notice to cancel in writing.

Gym Memberships

Club owners

Rights: To pre-sell memberships before the club is open; to charge up to 25 per cent more than the total would be if a membership payment were made upfront.

Responsibilities: The money from presold memberships must be held by a registered trust corporation that acts as a trustee; to not charge initiation fees that total more than twice the annual membership fee; to offer one-year contracts; to provide a notice—at least 30 days but not more than 90 days before the contract expires—that advises that the contract will be renewed; to provide a copy of the agreement that clearly notes any and all changes; to state that a contract will not be renewed if you notify the club not to renew the contract.

F. This is an integrated listening and reading activity that reinforces the consumer rights text learners have just read. Learners will hear a manager give information about the gym. Learners take notes of the important details of the membership plan. Then, learners check the text from part E to find the problem and describe it in writing. CLB 7/8 learners may be able to recall the information and identify the discrepancy without rereading the text. When describing the discrepancies, learners can use various structures to express opposition (e.g., however, whereas, while, as opposed to, but etc.) or other structures as you see fit (e.g., *According to / As stated by / Consistent with* the Consumer Protection Act, there is a 10-day cooling-off period within which a consumer has the right to cancel...).

Answers: 1. You have the full 10-day cooling-off period to use the facilities. 2. Put it in writing and send it by registered mail. 3. Paying by installments must be offered as an option. 4. The initiation fee cannot be more than double the membership fee (in this case, a maximum of \$800). 5. Notice can be given 30–90 days in advance. 6. Prepaid fees have to be held in trust, not used to build the facility. 7. Only one-year memberships are allowed.

Transcript

1. We know that sometimes people have second thoughts, so we give you 48 hours to reconsider after you join. If you choose to cancel after that, no refunds are possible.
2. If you decide to cancel, just give us a call or leave a voice message. We try to make everything as easy as possible for our members.
3. We ask that you pay your annual membership fees in full, upfront. It helps to keep our admin costs down and we pass those savings on to you.
4. Our annual membership fee is only \$400, and because we are an elite gym, we charge an \$800 initiation fee, most of which covers administration and insurance costs.
5. We provide notice that your contract is coming up for renewal six months in advance, so you have plenty of time to think about what you'd like to do.
6. Our gym is set to open in 6 months. Your prepaid membership fees will be kept by the Newtown Trust, a registered trust corporation.
7. To qualify for this special discount rate, you need to sign a contract for two years.

Gym Memberships

G. This activity introduces additional points about consumer rights and fitness clubs. Learners can access the text online, read the hard-copy version or listen to you read the information aloud.

Answers: 1. yes 2. send the company a letter asking that the contract be terminated; demand back any money paid after the original contract ended 3. file a complaint in writing to the business first; if it is not resolved, submit a complaint to the *Ministry of Consumer Services* 4. to cancel the contract within one year

Transcript

Your Rights When You Join A Fitness Club

If you received a renewal notice and did not respond to it, the club has the right to renew and bill you under the renewed contract.

If your membership is renewed without notice, send the company a letter asking that the contract be terminated. You can also demand back any money paid after the original contract ended.

Under law, there's a minimum warranty on the quality of services. In short, the services must be of reasonable, acceptable quality. If they aren't, you should consider filing a complaint.

Personal development service agreements must disclose certain required information. If a company isn't delivering on the contract or if you encounter an aspect that wasn't disclosed but was required to be by law as part of the deal (e.g., an annual renewal fee), you have the right to cancel within one year.

A contract may not add clauses that dispense with your basic rights under law (e.g., they can't attempt to negate the 10-day cooling-off period).

You have the right to cancel within one year if you can show you have been the victim of unfair business practices.

The best way to do this is by sending a registered or hand-delivered letter.

Source: Your rights when you join a fitness club. Ontario Ministry of Consumer Services. Copyright Queen's Printer for Ontario, 2008. Retrieved from: http://www.sse.gov.on.ca/mcs/en/Pages/Fitness_Clubs_Rights.aspx.

H. This is a real-world task that challenges learners to apply their knowledge and use their language skills outside of the classroom. Some learners may not have any interest in fitness clubs and therefore no real motivation to complete the task. However, you could remind them that the assignment may still be useful if they needed to research the topic for a friend or family member.

A. Read the ad, including the disclaimer below it. Discuss your answers to the following questions in small groups.

1. Which information in the ad is the most important to a consumer?
2. What additional information, if any, would you want to know before joining this gym? Make a list of any questions you would ask.



Supreme Fitness

First 50 New Members Only

no annual contract
only \$7
 per month
 no extra fees

*Offer available until May 29th, 20XX or while supplies last. '\$7 Per Month—No Long-Term Obligation' offer based on two-month prepaid membership. 'No Obligation' month-to-month membership available after the initial two months. Some conditions may apply. Cannot be used in conjunction with other promotional offers. Offer available to first-time members only. Facilities and amenities may vary by location.

B. Read the points to inquire about when considering joining a gym. Discuss which points may have financial consequences if you enter into a contract, and explain the possible consequences.

1. ☐ details around terms of an introductory offer
2. ☐ price and length of membership
3. ☐ payment options (e.g., installment plan vs. upfront payment, etc.)
4. ☐ policies around conduct and dress code
5. ☐ details on notice needed to cancel membership
6. ☐ refund policies around early cancellation
7. ☐ details around automatic renewal of the contract
8. ☐ policies around hours of operation and holiday closures
9. ☐ consequences of missed payments

C. 🎧 Listen to a telephone conversation. Check off the points on the list that are mentioned in the conversation.

D. 🎧 Listen again and answer the questions.

1. For each point you checked off, what questions did the caller ask?
2. What else would you ask about? Write your questions.
3. What strategies does the customer service representative use to promote the gym and persuade the customer to become a member? List the specific phrases.

E. Read the text and complete the table that follows in point form.

Your Rights When You Join a Fitness Club

1. A 10-day cooling-off period. It's easy to get caught up in the excitement of a club when touring the facility, but interest sometimes cools once you've had time to think about it. Under the Consumer Protection Act 2002, you have the right to cancel within 10 days of receiving a written copy of the agreement or the day all the services in the agreement are available, whichever is later. You don't need a reason to cancel. All you need is to provide notice to the supplier.

2. Club owners may pre-sell memberships before the club is open, but the money must be held by a registered trust corporation that acts as a trustee. The Consumer Protection Act 2002 offers special protection for consumers who join a club that has not yet opened if the consumer is not using another club in the interim. If you agree in writing to use another club, you have only 10 days from the start of those services at that club to cancel your contract.

3. A notice to cancel may be given in several ways. You could hand deliver it (get a signature on a delivery receipt and keep it) or send it by registered mail. Registered mail may be the best option, as it confirms delivery. Make sure you keep a copy for your records.

4. You may use the facility during the 10-day cancellation period. If you're joining a new club, take advantage of the 10-day cancellation period to make sure you're happy with your choice.

5. Initiation fees may not total more than twice the annual membership fee.

6. The club must offer you the option of paying membership dues and any initiation fees in monthly installments. It can charge up to 25 per cent more than the total would be if payment were made upfront.

7. All contracts must end after one year. Contracts may be renewed only if the supplier complies with certain rules, including:

- Providing you with a notice at least 30 days, but not more than 90 days before the contract expires, that advises that the contract will be renewed.
- Provides you with a copy of the agreement that clearly notes any and all changes.
- States that the contract will not be renewed if you notify the club not to renew the contract.

Source: Your rights when you join a fitness club. Ontario Ministry of Consumer Services. Copyright Queen's Printer for Ontario, 2008. Retrieved from: http://www.sse.gov.on.ca/mcs/en/Pages/Fitness_Clubs_Rights.aspx.

	Rights	Responsibilities
Consumers		
Club Owners		

F. 🎧 Listen to the information given by a gym manager to a potential member. Make notes of the important details of the membership offer. Then, check the text in part E to identify which statements violate the Consumer Protection Act. Find the discrepancies and explain what they are.

Example:

1. 🎧 *We know that sometimes people have second thoughts, so we give you 48 hours to reconsider after you join. If you choose to cancel after that, no refunds are possible.*

Discrepancy: The manager says there is a 48-hour cooling-off period; however, the text says you have 10 days to cancel your contract.

G. ① Access *What are my rights?* on the Ontario Ministry of Consumer Services website and answer the questions below about fitness clubs.

1. You received a renewal notice and did not respond to it. Does the club have the right to renew and bill you under the renewed contract?
2. Unbeknownst to you, your membership was renewed. What should you do?
3. The gym you joined has substandard equipment, unrepaired showers, etc. What action can you take? What is the process?
4. You discover there is an annual renewal fee that was not written into your original contract. What are your rights?

H. ① With a partner, research a fitness club in your area. Read the membership information on its website and phone or visit in person to ask questions about its membership options, policies and contract. Present the information to the class.

Suggested search terms: *fitness club + city or intersection.*

Advertising



The activities in this section explore the topic of advertising and its major elements and strategies. The activities present basic information on how advertising works, and provide opportunities to analyse and discuss strategies and techniques used in various forms of advertising.

The *Advertising* section includes two sets of activities:

How advertising works

Advertising strategies

You can select activities to teach based on the needs and interests of the learners in your class. The activities can be used individually and do not need to be used in the sequence in which they are presented. You may also add your own activities where appropriate. Suggestions and ideas for extending or complementing the specific activities are included in the teaching notes.

The activities in this section relate to the following theme in *LINC 1–5 Curriculum Guidelines*:

- **Commercial Services and Business**

Learning Outcomes

The sample learning outcomes below can help you plan a lesson or series of lessons about advertising. The outcomes are intended to guide you in defining areas of content and contexts for the language instruction. The financial literacy outcomes can help you determine the aspects of financial literacy to include in your instruction in order to facilitate learners' understanding, knowledge and competence. The language outcomes can guide you in selecting/designing language activities at CLB 6–8 that support financial literacy.

The activities included in this section are intended to support the outcomes below.

Sample Financial Literacy Outcomes	Sample Language and Numeracy Outcomes
<p>Understanding and knowledge</p> <ul style="list-style-type: none"> • Understand vocabulary and concepts related to advertising • Understand how advertising works • Recognize how advertising affects one's purchasing decisions • Understand effects advertising can have on children and adolescents <p>Application</p> <ul style="list-style-type: none"> • Account for the influence of advertising when shopping • Identify specific strategy used in advertising • Identify target groups in advertising 	<ul style="list-style-type: none"> • Demonstrate comprehension of the gist, factual details and some implied meanings in a text about advertising • Describe how advertising affects consumer choices • Participate in a small group/class discussion about advertising and its influence on individuals and society • Identify factual details and implied meanings in a web-based text about advertising strategies • Identify implied meanings in print , TV and web-based advertising material • Give a short oral presentation about a selected advertising strategy

When planning a lesson or series of lessons, you can use the listed outcomes as they are or develop your own based on the needs and interests of the learners in your class. For ideas and strategies for conducting a needs assessment, see the *Instructor Guide*.

Background Information and Key Language Elements

You can use the background information about advertising to familiarize yourself with the key advertising concepts and strategies that are presented in the learner activities in this section. For sources of more information on the topic of advertising or related classroom resources, please see the *Useful Websites* section.

The sidebar below lists major language elements that you may want to introduce or review to support the thematic content of the activities.

Advertising is a form of communication used to persuade a target audience to buy goods or services. We are constantly exposed to advertising, whether we are aware of it or not. Smart consumers are conscious of the strategies used by advertisers, and may be better equipped to resist the temptation to make purchases motivated solely by the influence of advertising. Newcomers may be particularly susceptible to advertising strategies or ploys as they attempt to figure out the social norms and values of a new culture. The language of advertising is challenging even for native speakers, so newcomers can likely benefit from exploring what ads are really saying—including the implicit messages behind the words and images.

Common advertising strategies include celebrity endorsements, repetition, slogans and jingles, and appeals to emotion. “Truth” in advertising may be stretched through the use of misleading words and phrases. For example, “the taste of real,” “natural,” or “light” are all words that are commonly used to suggest a product is “healthy”—even when it may not be.

Key vocabulary

consumer
media
product
brand, branding
logo
slogan
jingle
endorsement
target audience
consumption
campaign

Verbs and verb collocations

to persuade
to drive consumer
behaviour
to manipulate
to affect
to influence
to form judgment
to capture imagination
to generate consumption
positive valuation

Possible grammar structures

passive voice to describe
a concept or process
logical connectors: cause
and effect, reason
present or past tenses to
describe a scene or series
of scenes, characters,
objects; and to relate
events or actions

Objective(s) and CLB level

The objective of this series of activities is to familiarize learners with some of the concepts, terminology and strategies related to advertising. The activities provide opportunities to practice vocabulary use, reading and speaking. These activities are generally appropriate for learners at CLB 6 and up.

Targeted financial literacy outcomes

The activities in this section and the activity ideas in the teaching notes will help learners achieve the following financial literacy outcomes:

- Understand vocabulary and concepts related to advertising (e.g., target audience, brand, endorsement)
- Understand how advertising works
- Identify target groups and advertising strategies used in ads/commercials

Corresponding CLB competencies

- 🔗 CLB 6, 7: Understand moderately complex communication intended to influence or persuade... insituations related to personal or general experiences.
- 🗣️ CLB 6, 7: Give detailed presentations about sequences of events, incidents in the past, simple processes, or descriptions or comparisons of people, places, etc. (CLB 6); give presentations about moderately complex processes, tell stories, or describe, compare, and contrast in detail two events ... or procedures (CLB 7).
- 🗣️ CLB 6, 7: Ask for and give information in some detail; express opinions ... in small group discussions or meetings (CLB 6); give detailed information: express and qualify opinions ... in small group discussions and meetings (CLB 7).
- 📖 CLB 6–8: Understand moderately complex descriptive or narrative text (CLB 6), moderately complex extended descriptions, reports and narrations on familiar topics (CLB 7, 8) and moderately complex feature articles (CLB 8).

Procedures

A. This is a warm-up activity that introduces the topic of advertising. The quiz questions are about shopping habits and the effect advertising might have on them. You can have learners complete the quiz in pairs and report the results to the class; then, all responses can be gathered and analysed. Learners can make statements about their classmates as a consumer group, e.g., *Most people in this class watch TV commercials. Or Only a few of us choose generic brands in the supermarket.*

Extend this activity: Ask learners to write their own questions for the quiz and survey the class.

B. This is a vocabulary practice that provides definitions of basic advertising concepts. Learners can write their own sentences to illustrate the meanings.

Answers:

1. f 2. e 3. d 4. a 5. h 6. i 7. b 8. c 9. j 10. g

C. This reading provides basic information on how advertising works. You can use this text as a springboard for the discussion questions in part D and the activities that follow. Learners at CLB 6 may require some support with vocabulary and formal structures used throughout the text. You could provide this support through vocabulary exercises (e.g., definitions, synonyms, word families) and comprehension

How Advertising Works

practice (questions about key ideas, specific details and implied meanings). Learners could also focus on structures used in the text, e.g., logical connectors or passive voice.

Examples:

Explain what the following words mean: *persuade, reassure, surpass, capture, etc.*

For each of the verbs, add nouns and/or adjectives: *persuade-persuasion-persuasive, etc.*

In the text, find the words that mean the same as: *restore confidence, sway, opinion, etc.*

D. Have learners discuss the questions in small groups/pairs and then as a class. The answers for questions 2 and 3 are in the text (following the order of paragraphs). Questions 4 and 5 are meant to draw out learners' opinions. You may want to elicit expressions for expressing opinions, agreeing and disagreeing, and have learners practise using them in the discussion.

Examples of places with advertising:

radio, TV, Internet (including pop-up boxes), magazines, newspapers, billboards, buildings (signs), bus shelters, signs outside/inside buses, packaging (food, drinks), shopping bags, previews before movies or rented videos, events (sport, cultural), public service announcements (PSAs) in print, TV or radio, promotions (in the mall, supermarket, street), infomercials, radio contests, telemarketing, mail (flyers, pamphlets, offers)

Extension: The text focuses on the influence of advertising on people's consumption; you could extend the discussion by adding questions about the cultural influences of advertising, e.g., forming stereotypes, presenting certain values and role models, etc.

E. This type of practice works well with learners at higher CLB levels. When paraphrasing, learners can replace the selected words with synonyms and structures with different ones.

F. You could use these questions to have a class discussion, too. These questions prepare learners for activities G and H.

G. This activity can be done individually, in pairs, or in small groups, depending on learners' CLB level and preferences. You or some of your learners could bring magazines and newspapers to locate print ads; you could also access clips with commercial videos on YouTube. Another alternative is a rental video, since these usually include several commercials, which you could replay as needed. Alternatively, you could assign this activity to learners in advance and have them select print ads/commercials at home and bring them to class. Learners will need to present the ad/commercial of their choice, describing the product and the ad itself in detail for those who are not familiar with it.

H. In this activity, the focus of discussion is the concept of a target audience. Before completing the task, you can give examples of target audiences and ask learners to think about what target audience they might belong to based on their gender, age, race, social status, interests, needs, etc. You may want to elicit what "other characteristics" could be. Have learners work in pairs and present the results of their research and analysis through questions. It may be enough to view only one commercial/ad, rather than three.

A. Complete the quiz below and compare your answers with those of your classmates. Draw conclusions and make statements about the class.

1. When buying clothes or shoes, is it important for you to get things with designer names?
 - a. always
 - b. often
 - c. rarely
 - d. never
2. What percent of the time do you choose generic or store brand products in the supermarket?
 - a. 100%
 - b. 50%
 - c. 10%
 - d. 0%
3. How often do you buy products that you see advertised on TV or in newspapers/magazines?
 - a. always
 - b. often
 - c. rarely
 - d. never
4. Do you watch commercials during movies on TV?
 - a. always
 - b. often
 - c. rarely
 - d. never
5. To what extent does advertising affect your interests or lifestyle choices, e.g., how you spend your free time, or what you eat or drink?
 - a. completely
 - b. a lot
 - c. somewhat
 - d. not at all

B. Match the words with the explanations. Give an example for each item.

- | | |
|---------------------------|--|
| 1. _____ advertisement | a. an item or service for sale |
| 2. _____ consumer | b. a short catchy sentence that is associated with a product |
| 3. _____ media | c. a catchy piece of music associated with a specific brand or product |
| 4. _____ product | d. means of mass communication |
| 5. _____ brand | e. a person who buys a product |
| 6. _____ logo | f. a message that is intended to persuade people to buy a product or take a particular action |
| 7. _____ slogan | g. the group of consumers that the advertisers want to sell to |
| 8. _____ jingle | h. a name, sign, or image that represents a product or a line of products and separates them from other ones |
| 9. _____ endorsement | i. a symbol or sign associated with a specific product or brand name |
| 10. _____ target audience | j. famous individual's or professional association's approval of a specific product |

C. Read the article about advertising and answer the questions that follow.

Advertising is defined as a form of communication used to persuade or encourage a specific group of people—the target audience—to take a new particular action. Most commonly used to drive consumer behavior in relation to a product or service (i.e., to make people buy things), advertising is sometimes used to reassure shareholders or investors that a company is viable or successful. It is also used for political or ideological purposes.

Advertising messages appear in a variety of media, from traditional mass media such as newspapers, television or outdoor advertising to newer media such as blogs, websites or text messages. In recent years, the amount of money spent on advertising worldwide surpassed \$500 billion.

Commercial advertisers often attempt to generate increased consumption of their product or service through “branding,” which involves repeating a message, logo and product image in an effort to associate certain qualities with the brand in the minds of consumers. These repeated messages and images seek to influence, or even manipulate, how people behave, how they perceive their position in their world and, consequently, how they spend their money. Elaborate ad campaigns with sophisticated advertising strategies and techniques appear to be more and more effective in capturing the imagination of the public and convincing them about the advertised product before they attempt to form their own judgment.

Advertising can influence the consumer in different ways. It is often presented by companies as a way to inform people about the existence of products they might consider buying. However, an advertising message provides neither objective nor complete information; in fact, it highlights primarily the “bright side” of the product and provides only minimal, or close to no, real information. This positive valuation of the product makes people believe that it is somehow valid, and convinces them to buy, or at least try, the product without seeking more objective opinions about it.

Moreover, as advertising emphasizes only the positive aspects of a product, the target audience may remain unaware that they don’t even need or want what is advertised. The advertising message is reinforced by familiarizing the audience with the brand—therefore, brand logos are ubiquitous, not only on the products themselves but on signs, cups, hats, pens, in commercials and print ads. When faced with a choice, the consumer reaches for the familiar brand, in effect letting the marketers decide for him/her. Finally, a lot of advertising links a product with a specific lifestyle. Consumers who identify with the lifestyle portrayed in a particular advertising campaign feel attracted to the advertised product.

Advertising can have particularly adverse effects on the minds of children and adolescents. Research shows that young people view more than 3,000 ads per day on TV, on the Internet, in magazines, on billboards, even on their mobile devices. Increasingly, advertisers are targeting younger and younger children in an effort to establish “brand-name preference” at as early an age as possible. Because children have little ability to separate the content from advertising, they can be easily influenced as future consumers and spenders. This constant exposure to advertising may also contribute significantly to medical and social problems arising among children and teenagers, such as obesity or alcohol use. One solution that could mitigate these negative effects of advertising is media literacy—that is, educating young people to become critical viewers of media in all its forms.

D. In small groups or with a partner, answer the questions.

1. Where do you encounter advertising? Make a list of places.
2. What are the purposes of advertising?
3. How does advertising influence consumers?
4. What effect does advertising have on individuals and society?
5. In your opinion, how can consumers resist advertising?

E. Paraphrase the sentences from the text.

1. Advertising is most commonly used to drive consumer behavior in relation to a product or service.

2. Commercial advertisers often attempt to generate increased consumption of their product or service ...

3. An advertising message provides neither objective nor complete information.

4. The advertising message is reinforced by familiarizing the audience with the brand—therefore brand logos are ubiquitous ...

5. Advertising can have adverse effects on the minds of people who are exposed to it.

6. One solution that could mitigate some of the negative effects of advertising is media literacy.

F. In small groups or with a partner, discuss the questions.

1. What specific advertisements or commercials do you find memorable or appealing? Describe one or two examples.
2. Why do you think these examples of advertising stayed with you? What “tricks” have you noticed?
3. Do you think advertisers influence your choices when you shop? How?

G. Think of two ads or commercials you have seen recently. Complete the table with information about each ad or commercial and discuss with a partner or in small groups.

Name of advertised product	Purpose of product	How it is advertised	To what extent does this product appeal to you? (1- none, 5- a lot)
1.			
2.			

H. View four ads or commercials and identify target audiences for each. Complete the table with information and answer the questions. Present your ads or commercials and the related information to the class.

	COMMERCIAL 1	COMMERCIAL 2	COMMERCIAL 3
Name of advertised product			
Age range of the target audience			
Race of the target audience			
Gender			
Other characteristics			

1. How well did the ads/commercials match the target audience?
2. Were any stereotypes related to the target audience presented in the commercials? Explain.
3. What target audience is particularly vulnerable to advertising? Why?

Objective(s) and CLB level





The objective of this series of activities is to raise learners' awareness of advertising strategies and techniques in order to help them become more informed consumers. The activities provide practice in reading and speaking. These activities are generally appropriate for learners at CLB 6 and up.

Targeted financial literacy outcomes

The activities in this section and the activity ideas in the teaching notes will help learners achieve the following financial literacy outcomes:

- Understand how advertising strategies work
- Identify target groups and advertising strategies used in an ads/commercials

Corresponding CLB competencies

-  CLB 6, 7: Understand moderately complex communication intended to influence or persuade ... in situations related to personal or general experiences.
-  CLB 6, 7: Give detailed presentations about sequences of events, incidents in the past, simple processes, or descriptions or comparisons of people, places, etc. (CLB 6); give presentations about moderately complex processes, to tell stories, or describe, compare, and contrast in detail two events ... or procedures (CLB 7).
-  CLB 6, 7: Ask for and give information in some detail; express opinions ... in small group discussions or meetings (CLB 6); give detailed information: express and qualify opinions ... in small group discussions and meetings (CLB 7).
-  CLB 6–8: Understand moderately complex descriptive or narrative text (CLB 6), moderately complex extended descriptions, reports and narrations on familiar topics (CLB 7, 8), moderately complex feature articles (CLB 8).

Procedures

A. You may teach this set of activities on its own or after introducing “How Advertising Works.” If you teach it independently, precede it with part B from “How Advertising Works” to introduce the advertising concepts. Have learners read the text and discuss each strategy. Learners can illustrate each strategy with a commercial or print ad. Several strategies can be used in one ad/commercial. If learners are not familiar with ads/commercials, you could provide examples using YouTube (search for commercials by product name or product name + some information, e.g., *Tim Horton’s commercial + hockey*) and ask learners to identify the strategies used.

Advertising Strategies

B. In this activity, learners identify the advertising strategies used. The examples come from popular commercials. Learners can work in groups or pairs.

Possible answers:

- | | |
|--|--|
| 1. Ideal Families, Are You Cool Enough? | 7. Excitement, Sex Appeal, Are You Cool Enough?, Bandwagon |
| 2. Sounds Good | 8. Family Fun |
| 3. Facts and Figures, also could be endorsement of professional association (dental) | 9. Facts and Figures, Omission |
| 4. Facts and Figures | 10. Heart Strings, Ideal Families |
| 5. Weasel Words | 11. Star Power |
| 6. Put Downs | 12. Weasel Words, Omission |

C. This activity is a project that consolidates what learners have learned so far. Learners will need to present the results of their analysis (the table) and then demonstrate the ad/commercial to the class.

D. Use these questions for the class discussion. You may want to review expressions for giving/asking about opinions, agreeing, disagreeing, clarifying, interrupting, etc.

Extend the activity: You can have learners write a short opinion text about advertising, its strategies, its effect on individuals and society. Learners can post their pieces on a class blog or forum; alternatively, you can print out their work and post it on the board.

A. Read the text below. For each strategy listed, provide an example of an ad or commercial that you have seen recently.

Advertising Strategies

Below are some strategies commonly used in advertising to get consumers to buy the promoted product or service. Being aware of various practices used to influence your purchasing decisions can help you become an informed consumer and understand your own relationship to the effects of advertising.

Ideal Kids (or families)—always seem perfect. The kids are really hip looking, with the hottest fashions, haircuts and toys. Ideal families are all attractive and pleasant looking—and everyone seems to get along! Ideal kids and families represent the types of people that kids watching the ad would like themselves or their families to be.

Family Fun—a product is shown as something that brings families together, or helps them have fun together; all it takes is for Mum or Dad to bring home the “right” food, and a ho-hum dinner turns into a family party.

Excitement—who could ever have imagined that food could be so much fun? One bite of a snack food and you’re surfing in California, or soaring on your skateboard!

Star Power—your favorite sports star or celebrity is telling you that their product is the best! Kids listen, not realizing that the star is being paid to promote the product.

Bandwagon—join the crowd! Don’t be left out! Everyone is buying the latest snack food: aren’t you?

Scale—is when advertisers make a product look bigger or smaller than it actually is.

Put Downs—when you put down your competition’s product to make your own seem better.

Repetition—advertisers hope that if you see a product, or hear its name over and over again, you will be more likely to buy it. Sometimes the same commercial will be repeated over and over again.

Sex Appeal—the ads with good-looking men and women in sexy poses. Sometimes it’s even hard to identify what the ad is selling. The message is that anyone who buys the advertised product will be sexy too.

Heart Strings—ads that draw you into a story and make you feel good, like the McDonalds commercial where the dad and his son are shoveling their driveway and the son treats his poor old dad to lunch at McDonalds when they are finished.

Sounds Good—music and other sound effects add to the excitement of commercials, especially commercials aimed at kids. Those little jingles, which you just can’t get out of your head, are another type of music used to make you think of a product. Have you ever noticed that the volume of commercials is higher than for the program that follows?

Cartoon Characters—Tony the Tiger sells cereal and the Nestlé’s Quick Bunny sells chocolate milk. Cartoons like these make kids identify with products.

Weasel Words—by law, advertisers have to tell the truth, but sometimes, they use words that can mislead viewers. Look for words in commercials like: “Part of...” “The taste of real.....” “Natural....” “New, better tasting.....” “Because we care...” There are hundreds of these deceptive phrases—how many more can you think of?

Omission—where advertisers don’t give you the full story about their product. For example, when a Pop Tart claims to be “part” of a healthy breakfast, it doesn’t mention that the breakfast might still be healthy whether this product is there or not.

Are You Cool Enough?—this is when advertisers try to convince you that if you don’t use their products, you are a nerd. Usually advertisers do this by showing people who look uncool trying a product and then suddenly become hip looking and do cool things.

Facts and Figures—when you use facts and statistics to enhance your product’s credibility.

Adapted from: http://www.media-awareness.ca/english/resources/educational/handouts/advertising_marketing/mtt_advertising_strategies.cfm

B. Read the statements below and label them with the names of the advertising strategies they represent.

Examples From Commercials	Advertising Strategies
1. A commercial depicts a senior couple riding a motorcycle.	
2. You sing the tune that is in the commercial.	
3. “This toothpaste is recommended by dentists.”	
4. “Fast-acting Liqui-Gels provide up to eight hours of pain relief.”	
5. “Study at home and never fail a course again. Our program is designed to help you find a job right away.”	
6. A certain type of detergent doesn’t wash clothes well; the advertised product does.	
7. Attractive young people drink beer at a party.	
8. A commercial shows parents and two children resting in a beautiful garden equipped with certain brand of garden furniture.	
9. “Work from your own home and make over \$10,000 a week.”	
10. On a cold, snowy morning, Dad gets up very early, wakes up his daughter and drives her to a hockey practice with a cup of brand-name coffee in his hand.	
11. A group of Hollywood actors appears in the commercial about a U.S. state.	
12. A cleaning product is shown on a green background and is presented as “natural.”	
13. All children and adults are very happy eating an advertised fast food product.	

C. In small groups, analyze a TV commercial or a print ad of your choice. Complete the table and present the ad/video and your analysis to the class.

What is the brand name or product?	
Who is the target audience?	
What is the slogan? Catchy words or phrases?	
What visual images are used?	
What needs, desires and/or fears are targeted?	
Are there any stereotypes present?	
What advertising strategies are used?	
What is the underlying message?	

D. Discuss the questions.

1. What was your personal reaction to the commercials you viewed?
2. Which “tricks of the trade” were you able to identify?
3. Which of the commercials/ads was/were most effective? Why?
4. Of the ads/commercials you viewed, would any persuade you to buy the advertised product?

Insurance



The activities in this section introduce the concept of insurance and its major elements and processes. The activities explore the language of policies and plan descriptions using extended health insurance as an example.

The *Insurance* section includes three sets of activities:

How Insurance Works

History of Insurance in Canada

Extended Health Insurance Policies

You can select activities to teach based on the needs and interest of the learners in your class. The activities can be used individually and need not be used in the sequence in which they are presented. You may also add your own activities where appropriate. Suggestions and ideas for extending or complementing the specific activities are included in the teaching notes.

The activities in this section relate to the following LINC themes:

- **Commercial Services and Business** (*How Insurance Works, Types of Insurance*)
- **Transportation** (*Buying auto insurance*)
- **Health and Safety** (*Buying extended health insurance*)

Learning Outcomes

The sample learning outcomes below can help you plan a lesson or series of lessons about insurance. The outcomes are intended to guide you in defining areas of content and contexts for the language instruction. The financial literacy outcomes can help you determine the aspects of financial literacy to include in your instruction in order to facilitate learners' understanding, knowledge and competence. The language outcomes can guide you in selecting and designing language activities at CLB 6–8 that support financial literacy.

The activities included in this section are intended to support the outcomes below.

Sample Financial Literacy Outcomes	Sample Language and Numeracy Outcomes
<p>Understanding and knowledge</p> <ul style="list-style-type: none"> • Understand vocabulary and concepts related to insurance (e.g., types of insurance) • Understand how different types of insurance work • Recognize pros and cons of different insurance policies before making a decision to purchase it • Understand details of specific insurance policies • Application • Identify the need for insurance • Identify benefits of having insurance • Compare insurance plans and their features in order to make a purchase decision • Locate an insurance company, agent or broker to buy insurance from • Locate specific details in an insurance policy (coverage, costs) • Complete a form to request an insurance quote 	<ul style="list-style-type: none"> • Demonstrate comprehension of the gist, factual details and some implied meanings in a listening text about insurance • Describe how to make a claim (orally or in writing) • Participate in a small group discussion on pros and cons of obtaining specific insurance policies • Identify factual details and inferred meanings in excerpts from an insurance brochure • Find information in an insurance plan comparison table • Compare different insurance plans and their features • Locate an insurance broker or agent in an online search

When planning a lesson or series of lessons, you can use the listed outcomes as they are or develop your own based on the needs and interests of the learners in your class. For ideas and strategies for conducting a needs assessment, see the *Instructor Guide*.

Background Information and Key Language Elements

You can use the background information about insurance to familiarize yourself with the key insurance concepts and processes that are presented in the learner activities in this section. For sources of more information on the topic of insurance or related classroom resources, please see the *Useful Websites* section.

The sidebar below lists major language elements that you may want to introduce or review to support the thematic content of the activities.

What is insurance?

Insurance is a means to reduce or eliminate the risk of potential loss or hardship. It can help cover the cost of unexpected losses stemming from property damage, theft or illness; it can also help provide dependants with money when the insured person dies. Insurance, in general, works like a contract between the insured and the insurer: the insured makes payments (premiums) to the company, which assumes some portion of the risk. The premiums cover the insured in case something happens; the insurance company covers these potential costs with the revenues it collects from all those who have policies and pay premiums. The insurance company accepts risk on behalf of its clients, hoping the insured will not make a claim.

Types of Insurance

There are various types of insurance to cover different types of risk, but, in general, two primary types can be distinguished: general insurance (covering property and physical assets) and life and health insurance. General insurance policies can cover, for example, a car, a house, or a cottage, and will compensate the insured for the loss of or damage to any of these physical assets. Life and health insurance, on the other hand, provides for the insured or his/her dependants in case of disability, illness or death. Commonly, we distinguish various types of insurance based on the situations they provide coverage for, such as travel insurance, extended health insurance, auto insurance, tenant insurance, home insurance, etc. The decision to get insurance will depend on a person's stage in life and specific circumstances. Most types of insurance are optional except for auto insurance, which is mandatory across Canada.

Making a Claim

The process of making a claim is different for different types of insurance. In general, when the insured files a claim, the insurance company reviews it and evaluates the loss or damage. A claim form and supporting documents need to be submitted by the insured. The company will pay the compensation depending on the evaluation of the loss/damage. If the policy has a deductible, the compensation amount will be reduced by the amount of the deductible.

It is important to point out that buying insurance is a complex decision and it is important to educate oneself about it. Insurance can be sold only by licensed brokers and agents, or direct writers. Also, federally regulated insurers must have a complaint-handling system in place.

Key vocabulary

value
risk
loss
disability
bodily harm
liability
protection
coverage
policy
agent, broker
deductible
premium
insurer, insured
dependant
beneficiary
adjuster
quote

Verbs and verb collocations

to indemnify
to cover
to claim, to make a claim
to amend

Possible grammar structures

passive (as used in policies and plan descriptions)
conditional sentences (present)
time clauses with *when*

Objective(s) and CLB level

The objective of this series of activities is to familiarize learners with some of the concepts, terminology and processes related to insurance. The activities provide practice in vocabulary use, listening and writing. These activities are generally appropriate for learners at CLB 6 and higher.

Targeted financial literacy outcomes

The activities in this section and the activity ideas in the teaching notes will help learners achieve the following financial literacy outcomes:

- Understand vocabulary and concepts related to insurance
- Understand how different types of insurance work

Corresponding CLB competencies

- 🔗 CLB 6–8: Understand descriptive or narrative monologues or presentations on generally familiar and relevant topics (CLB 6); understand interactions ... on generally familiar topics (CLB 7) or about abstract and complex ideas on familiar topics (CLB 8).
- ✂ CLB 6, 7: Reduce short oral discourse ... to notes.
- ✂ CLB 6, 7: Write 1 or 2 (CLB 6) or 2 or 3 (CLB 7) connected paragraphs to relate ... a detailed description ... or simple procedures.

Procedures

A. This is a warm-up activity that introduces the topic of insurance. Elicit answers from learners and list examples on the board. Learners can work in pairs or small groups.

B. This exercise introduces/reviews some vocabulary used in the context of insurance. Learners can use dictionaries to check their answers. Discuss the words that are incorrect answers and possible contexts for using them. You could also ask learners to review word families for key vocabulary (*e.g., to compensate—compensation; to benefit—benefit(s)—beneficiary—beneficial*)

Answers:

1. a 2. c 3. b 4. d 5. a 6. c 7. a 8. a 9. c 10. d

C. These word/definition cards can be used to review some basic insurance terms. You could also introduce this activity before part B. Learners can play a concentration game, matching game or “Find a partner...” to match pairs of cards.

D. The purpose of this quiz is to explore how different types of insurance work. Learners can work in pairs. Discuss the answers as a class. Answers:

1. b 2. a 3. a 4. c 5. a 6. a 7. c

E. This listening activity provides background information about insurance concepts and processes. You may need to introduce some vocabulary before listening. Have learners listen once and check their general comprehension

How Insurance Works

by asking questions about key ideas (e.g., What is the interview about? What are the main topics discussed?) Then, ask learners to listen again and complete the True/False exercise. Alternatively, you could give learners copies of the interview and have them locate the sentences/sections that support their answers.

Answers:

1. F 2. T 3. T 4. F 5. T 6. F 7. T 8. T 9. T 10. F

Transcript

A: Today we are going to talk about insurance. Our guest is Cathy, an independent insurance broker. Cathy, could you tell us briefly how insurance works?

B: Yes. To start with, people buy insurance to reduce or eliminate potential loss or hardship in different circumstances. For example, insurance can help cover the costs associated with unexpected losses such as property damage, theft or illness. Or, it can provide dependants with money when the insured person dies. In general, insurance works like a contract between the insured and the insurer: the insured makes payments (premiums) to the company, which assumes some portion of the risk. If the loss covered by the insurance policy occurs, the insurance company pays out the resulting claim using the revenues it collects from all those who have policies and pay premiums. In short, the insurance company accepts risk on behalf of its clients, hoping that the insured will not make a claim.

A: I see. So, what about different types of insurance policies, or plans, as we also call them? Could you tell us how they work?

B: Sure. There are many. The type of insurance depends on the type of risk covered. In very broad terms, there are two primary types: general insurance, which covers property and physical assets, and life and health insurance. General insurance policies cover, for example, a car, a house, or a cottage, and will compensate the insured for the loss of or damage to these physical assets. Life and health insurance, on the other hand, will provide for the insured or his/her dependants in case of disability, illness or death.

A: Oh, and what about dental or travel insurance? Which category do they belong to?

B: Commonly, we sell various types of insurance policies based on the situations they provide coverage for, such as travel insurance, extended health insurance, auto insurance, tenant insurance, home insurance, and so on. Depending on the type of risk, these plans would be either life and health insurance—like, let's say, dental or travel, where you want to be covered in case of medical emergencies—or general insurance, such as auto or tenant insurance.

A: Hmmm. So, Cathy, who should buy insurance? And in what situations?

B: Well, the decision to get insurance depends on a person's stage in life and specific circumstances. For example, a young single person may not need life insurance; whereas to protect his or her children, a single parent may want to get a life insurance policy to guarantee them some benefits in case of death. Also, keep in mind that in some situations, insurance policies may be required. For example, banks require that homeowners obtain home insurance in order to get a mortgage. Or a landlord may stipulate in a lease that a tenant have tenant insurance for the rented property. It's important to note, though, that most types of insurance are optional except for auto insurance, which is, by law, mandatory across Canada.

A: Right. Could you tell us, then, what someone needs to do once they experience a loss or damage? How does their insurance work then?

How Insurance Works

B: In that situation, the insured needs to file a claim against their insurance policy. To put it more simply put, they need to apply for payment. The process of making a claim is different for different types of insurance. Typically, the insured files a claim, which means a claim form is completed and submitted, along with supporting documents. Then the insurance company reviews it and evaluates the loss or damage. The company will pay the compensation depending on this evaluation.

A: Could you give us a simple example?

B: Sure. Let's say a driver is in a car accident and, as a result, her car is damaged. First, she needs to report the accident to the insurance company. Then an adjuster will assess the damage and the cost of repairs needed. The repairs will be covered, but the compensation amount will be reduced by the amount of the deductible.

A: Could you tell us what a deductible is?

B: Yes, it is the amount of someone's claim, stated in the policy, that the insured agrees to pay before the insurer pays the rest. Most general types of insurance policies require a deductible. What is worth mentioning is that the insured can choose the amount of the deductible. Choosing a higher deductible will decrease the cost of insurance premiums because the insured agrees to pay for a larger part of his or her loss.

A: Oh, I see. And how about extended health insurance plans? Many of us are insured under those through our employers. For example, many employers offer their employees a benefits package that includes medical, dental and other insurance plans.

B: Right, These plans provide coverage for different situations not covered by OHIP. They are a bit different from the individual insurance I have talked about so far. These are group plans that pool premiums from many people and provide them with some variations of the same policy, depending on their situation. For example, one person may subscribe to dental insurance with single coverage, for himself or herself, while another person may want full family coverage. In those group plans, it is the employer who carries most or all of the costs of premiums. These plans can also be limited to certain amounts or percentages of coverage, for example 80 percent or 50 percent.

A: This is really interesting, Cathy. I'm afraid our time is almost up, so maybe you could just tell us one final thing that, in your opinion, our listeners need to know?

B: Certainly. Buying insurance can be quite complex, so it's wise to educate yourself about it first. It's important to know that insurance can be sold only by licensed brokers and agents, or direct writers. Always check if the insurer you are dealing with is licensed, and check if they have a complaint-handling system in place. This may save you a lot of trouble if the time comes when you need to take advantage of your policy.

F. In this activity, learners listen for specific information to complete the sentences. Alternatively, you can ask them to finish the sentences without listening and then have them listen to check their answers.

Beyond the classroom: Learners could test their knowledge of insurance using online quizzes about insurance and gathering information from answers. Possible search terms: *quiz about insurance; insurance quiz*. You could also ask learners to research one type of insurance and share the results with their classmates.

A. With a partner, discuss the questions.

1. In what situations is it important to have insurance? Give examples.
2. What type of insurance, if any, do you have?
3. Explain how insurance works.

B. Complete the sentences below with the correct words.

1. Insurance is a contract between the insured and the insurer that guarantees _____ for specified loss, damage, illness, or death in return for payment.
a. compensation b. premium c. payment d. rate
2. There are many types of insurance that cover different kinds of _____.
a. accidents b. claims c. risks d. losses
3. The _____ form that you complete is the basis of your contract with the insurance company.
a. registration b. application c. policy d. invoice
4. The insurance company wants you to make a _____ as soon as you can.
a. application b. process c. request d. claim
5. The insurance industry is _____ in Canada.
a. regulated b. controlled c. supervised d. licensed
6. If you leave out any important information in your application, your policy may be _____.
a. valid b. invaluable c. void d. not applicable
7. You can name your spouse or your child as the _____ of your life insurance policy.
a. beneficiary b. policy holder c. owner d. insurer
8. The policy states that the insurer will _____ the policyholder against loss of or damage to his/her car.
a. indemnify b. insure c. make a claim d. identify
9. When you buy travel insurance, make sure you are insured _____ trip cancellation.
a. for b. with c. against d. on
10. Business insurance can protect you against a _____ claim when someone gets injured at your place of business.
a. responsibility b. accident c. disability d. liability

C. Use the vocabulary cards to match the words and their definitions.



comprehensive insurance	insurance that covers theft, vandalism, and other losses
liability insurance	insurance to cover losses you may cause to others in an accident
policy	a legal contract between you (the insured) and the insurance company (the insurer)
premium	amount of money you pay to buy insurance; you can pay it monthly, quarterly or annually
claim	a notice to the insurance company to request coverage for the loss or damage
coverage	amount of protection that you buy; the maximum amount of money the insurance company will pay out when a claim is made
deductible	amount of your claim you agree to pay before the insurance company pays the rest
insurance agent	a person representing one insurance company and selling its insurance products
insurance broker	a person or company who sells insurance products of various companies
beneficiary	a person who is entitled to receive benefits under a life insurance policy

D. Complete the quiz below and discuss your answers with a partner.***How Much Do You Know About Insurance? Test your knowledge ...***

1. You are a tenant renting an apartment. You cause a flood and your furniture gets damaged. Under what type of policy would your loss be covered?
a. homeowner's insurance b. tenant insurance c. your landlord's insurance
2. Your homeowner's insurance policy carries a \$1,000 deductible. It doesn't cover tornadoes. Your house gets damaged in a tornado and the assessed value of the damage is \$7,500. How much will your insurance company pay you?
a. nothing b. \$1,000 c. \$6,500
3. What type of coverage will pay for the cost of repairing your vehicle if you hit another object or a car?
a. collision insurance b. liability insurance c. comprehensive insurance
4. What type of insurance is mandatory in Canada?
a. life insurance b. health insurance c. auto insurance
5. You left your laptop in the car and it was stolen. Under which policy will you be compensated for your loss?
a. homeowner's or tenant insurance b. auto insurance c. travel insurance
6. A person slipped and fell in your driveway, breaking her leg. She will be unable to work for four weeks. She may be able to make a claim under ...
a. your home insurance policy b. her disability insurance policy
c. her health insurance policy
7. You've suffered from asthma since your childhood. While on vacation in a tropical resort, you have an asthma attack and are hospitalized. Which insurance will cover your hospital visit?
a. OHIP b. travel insurance c. none

E. 🎧 Listen to the interview with an insurance broker and decide whether the statements below are true or false.

1. Insurance can help cover the cost of expected or planned losses.
2. The insurance company assumes some risk on behalf of its clients.
3. Home insurance and travel insurance are examples of general insurance.
4. Life insurance is similar to car insurance.
5. When someone makes a decision to buy insurance, they may take into consideration their family situation and age.
6. Both auto insurance and home insurance are required by law in Canada.
7. Making an insurance claim is applying for payment of the compensation.
8. The higher a deductible is, the lower the premiums are.
9. Companies often provide extended health insurance plans to their employees.
10. You can buy insurance from unlicensed agents only if you check their complaint-making system.

F. 🎧 Listen again and complete the sentences below with missing information.

1. Insurance works like a contract between ...
2. The type of insurance depends on ...
3. The decision to get insurance depends on ...
4. The process of making a claim is different ...
5. The insurance adjuster assesses ...
6. Choosing a higher deductible will ...
7. Always check if the insurer is licensed and if ...

G. Choose one of the types of insurance you heard about and write a paragraph explaining how it works. You can include additional information that you research online.

Objective(s) and CLB level

The objective of this series of activities is to provide learners with some information on the history of insurance in Canada. The activities provide practice in reading persuasive texts. These activities are generally appropriate for learners at CLB 7 and higher.

Targeted financial literacy outcomes

The activities in this section and the activity ideas in the teaching notes will help learners achieve the following financial literacy outcomes:

- Understand vocabulary and concepts related to insurance
- Understand how different types of insurance work

Corresponding CLB competencies

- 📖 CLB 6–8: Understand moderately complex descriptive or narrative text (CLB 6), moderately complex extended descriptions, reports and narrations on familiar topics (CLB 7, 8), moderately complex feature articles (CLB 8).
- ✂️ CLB 6–8: Reduce a page of information to an outline or summary (CLB 6); reduce a text of up to about two pages to an outline or summary (CLB 7, 8).

Procedures

- A.** If you choose to use this series of activities on its own, you may want to introduce some insurance-related vocabulary first (e.g., see the vocabulary cards in *How Insurance Works*). Before reading the text, elicit from learners how much/what they know about insurance in Canada; ask them what insurance companies they know of. Depending on the learners in your class, you may need to prepare some vocabulary-building practice, e.g., matching words and definitions/synonyms, writing definitions, etc. You could make a list of unfamiliar words and assign four or five items to small groups or individual learners and have them explain their meanings.
- B.** Ask learners to read the text and provide headings that summarize the content of each section. Then, have learners compare them to the headings in the table and match them with the appropriate parts of the text.
- C.** Learners can answer the questions in pairs or small groups. Answers will vary.
- D.** You can assign between one and three collocations to a pair of learners and have them work together. Ask learners to use the phrases in sentences.
- E.** Learners can write a point summary first or start with a visual organizer and later develop the points to summarize the information presented in the article.

A. Read the article below.**A Changing Industry: All about Family Insurance in Canada**

Comprehensive family insurance in Canada today is a million-dollar industry that encompasses a large number of private and public insurance companies. These companies cover families for the many potential risks that often leave people in a financial bind, offering mandatory coverage such as car insurance as well as optional coverage such as health, home and life insurance.

Canadian families have many options when it comes to protecting themselves against life's unexpected dire consequences. Over time, the insurance industry in Canada has grown, developed and changed to meet the needs of its residents, embracing current trends and providing desired products while keeping costs under control.

1. _____

Medical coverage falls under the umbrella of optional family insurance in Canada. Although Canadians are fortunate to be provided with medical coverage under provincial health plans, there are nevertheless gaps in the program that can be filled with additional private health insurance. For instance, provincial health plans do not typically cover dental or vision care, or medical expenses when travelling outside the country. Many Canadians obtain private coverage for prescription drugs if they are not among those who qualify for assistance.

Canada's health insurance system has a long history. Saskatchewan was the first province to pass laws providing coverage in 1946, and by 1961 all provinces had followed suit. In 1984, the Canada Health Act set forth federal standards by which provinces could receive funding from the federal government. According to a 2009 poll, more than 86 percent of Canadians support the provincial health care system.

Health insurance in Canada has faced several challenges over time. More recently, there has been a push to privatize health care in some areas, in spite of popular opinion. Canada's health care system is relentlessly scrutinized and its policies are a topic of ongoing discussions, but in the meantime, families can obtain additional medical coverage from private insurance providers in order to fill the gaps left by provincial plans.

2. _____

One of the largest areas of family insurance in Canada is the car insurance industry, a field that has undergone much change over the years. When cars first became available in Canada, a few large companies were already offering personal lines of coverage to Canadians. One of the oldest insurance companies in the nation is the Dominion of Canada General Insurance Company, which opened its doors in 1887 and still offers auto policies and other types of coverage today.

As the need for auto insurance increased, things changed across the country. Some provinces devised their own systems of public coverage, such as Manitoba's Autopac, while others chose a public system of insurance similar to that used in the United States. With more and more cars on the road, provinces eventually passed laws requiring that all drivers carry a liability insurance policy. When insurance became mandatory, the competition for Canadians' insurance dollars became fierce.

In time, provinces with a public system had to improve the laws in order to protect consumers from overpaying for insurance. Several provinces have now implemented maximum rates that insurance providers must adhere to, and have established control over when and how rates can be raised, with the goal of decreasing the number of people driving without insurance because they cannot afford it.

3. _____

Homeowners' insurance is also a major consideration when it comes to comprehensive family insurance in Canada. In time, the need for coverage grew as the cost of homes rose and more families were unable to recover from fire and other damages. At the same time, mortgage companies required some protection from substantial financial losses when homes were destroyed. Homeowners' insurance is designed to protect both parties. In Canada, this type of insurance is sold by public companies in all provinces, as opposed to auto insurance, which is public only in certain provinces.

Launched in 1839, the Gore Mutual Fire Insurance Company is the oldest property and casualty insurer in Canada. Since that time, many more companies have opened their doors, providing Canadians with coverage to protect their homes and property from many risks, including fire and theft.

4. _____
When you think about family insurance in Canada, one of the first things that probably pops into your mind is life insurance, most likely because of its direct human connection. Life insurance protects families from financial disaster when the main breadwinner in the household passes away unexpectedly. It offers an immediate financial cushion to a family experiencing instability, and provides them with time to recover without having to worry about finances.

Two of the oldest life insurance companies in Canada are Canada Life Insurance Company, which started in 1874, and Great West Life, which started in 1881. The two companies have merged to form a powerful and venerable player on the life insurance scene. Many other companies are also in the business. Some are wholly Canadian based while others have branches in foreign countries.

Although life insurance was once considered something of a luxury for the wealthy, today it has become a vital part of family insurance in Canada, and addresses all levels of income. With so many companies selling life insurance, rates have become competitive over the years, making it easier for Canadian families to choose the coverage they need at a price they can afford.

5. _____
It is easier than ever to provide your family with comprehensive insurance coverage. There are multiple insurance companies operating in Canada that offer a wide range of policies for Canadian families. Although the basic three—auto, home and life—are the most common policies, other significant areas of family insurance should be considered, such as health insurance, travel insurance and dental and vision care insurance.

Canada's insurance providers have grown and improved over time to keep up with the ever-changing needs of Canada's families. Their mission is to provide you with the comprehensive protection required to keep your family, home, quality of life and financial assets safe.

Source: <http://www.selfgrowth.com/articles/a-changing-industry-all-about-family-insurance-in-canada>

B. Match the headings below with the appropriate sections in the article.

Public and Private: Car Insurance
Protecting Those Left Behind: Life Insurance
Medical Care for Loved Ones: Health Insurance
Coverage for Your Family Today
The Roof over Your Head: Home Insurance

C. Answer the questions.

1. What is the purpose of the article? Who is the audience?
2. What is each of the sections in the article about?
3. What does the author say about the history of health insurance in Canada?
4. How is car insurance industry different from other insurance sectors?
5. How did home insurance originate in Canada?
6. How is life insurance characterized?
7. Which insurance companies does the author mention in the article? Why?
8. What tone does the author use when characterising insurance policies or insurance companies? Why? Locate the phrases and vocabulary items that express this tone.
9. Do you think this article is objective? Why?

D. Explain what the collocations/phrases below mean in the context of the article. Paraphrase the sentences from the article that use these phrases.

to be in a financial bind: _____

dire consequences: _____

to follow suit: _____

fill in the gaps: _____

open its doors: _____

the competition became fierce: _____

both parties: _____

to pop into one's mind: _____

the main breadwinner: _____

financial cushion: _____

E. Write a point-form summary of information on each type of insurance described in the article. Compare your main points with your partner's. Create a timeline or a mindmap of the history of different insurance types in Canada to accompany your summary.

Objective(s) and CLB level

The objective of this series of activities is to familiarize learners with the language used in insurance policies. These activities are based on information available online about extended health insurance plans. The activities are generally appropriate for learners at CLB 6 and higher.

Targeted financial literacy outcomes

The activities in this section and the activity ideas in the teaching notes will help learners achieve the following financial literacy outcomes:

- Understand concepts related to extended health insurance
- Understand general information (e.g., documentation, premiums, grace period, cancellation, acceptance, medical information) presented in an insurance policy
- Compare different extended health insurance plans in order to choose the one that best meets their own needs

Corresponding CLB competencies

- 🗣️ CLB 6, 7: Give detailed presentations about ... simple processes or descriptions ... (CLB 6); give presentations about moderately complex processes ... or describe, compare and contrast in detail ... (CLB 7).
- 🗣️ CLB 6, 7: Participate in a small group discussion on non-personal familiar topics and issues: express opinions ... reservations, approval and disapproval (CLB 7).
- 📖 CLB 6–8: Get information from moderately complex business/service texts containing advice ... or detailed specifications (CLB 6), assessments, evaluations and advice (CLB 7), ... recommendations and statements of rules, regulations or policies (CLB 8).
- 📖 CLB 6–8: Interpret information contained in moderately complex formatted texts.
- 📖 CLB 6, 7: Access, locate and compare (CLB 6) or integrate (CLB 7) ... information from online reference sources.

Procedures

A. You can precede this activity by asking learners to bring samples of extended health insurance policies or group benefits plans (if they have them). Explain that the class will explore the language used in those documents. Have learners discuss questions 1–3 in pairs or small groups; then, take them up as a class.

B. If you have access to computers, ask learners to search for and select one application. Alternatively, you could locate them and print out a few copies to work with. Suggested search terms: *health insurance application form*, *application for medical insurance*. You could easily access a few samples on <http://healthquotes.ca>, a commercial website for a group of insurers offering extended health insurance plans.

C. Learners can work in small groups or pairs. You may need to review some vocabulary items beforehand (e.g., *payable*, *reimbursement*, *eligible*, *pro-rated*), as well as some dental and medical terms.

D. This reading includes some sections that would be typical of any insurance policy as well as some for extended health plans only. Have learners scan the text and predict the content of each section. For example, *The Policy section is about documents that constitute the policy; The Premiums section is about terms and forms of payment of premiums.*

Answers:

1. F 2. F 3. T 4. T 5. F 6. T

Extended Health Insurance Policies

E. Learners can work individually or in pairs.

F and G. Examples of extended health insurance plans and policies can be accessed on <http://healthquotes.ca>, a commercial website for a group of insurers offering extended health insurance plans.

Using this website, learners can also get quotes without disclosing personal information (just an email address). You may want to ask learners to set up a separate email address for this and other research purposes.

Beyond the classroom: Learners can analyze/compare general information in the policies they have and/or research similar policies available online.

A. With a partner, discuss answers to the questions below.

1. What is the purpose of extended health insurance? What does it cover?
2. Who may need this type of insurance? Why?

B. Locate samples of applications for extended health insurance online. Select a sample and make a list of parts of an application. Write a brief description of each part. Compare with a partner.

Example:

Application part	Description
Personal information	Includes name, address, DOB of applicant, names and DOBs of dependants

C. Read the table below, which compares and contrasts the coverage offered by different health plans. With a partner, decide which elements of coverage are your priority and choose the plan that best suits you. Present your choice to the class.

Individual Health Plans Comparison

Insurance Plan	Dental	Amount of Dental	Drugs?	Amount of Drugs
Plan 1	✓	- 80% of first \$300, 50% of next \$850 - Total benefit payable per year: \$665	✓	- 70% of first \$765, 90% of next \$3,850 - Total benefits payable: \$4,000/year (same as DrugPlus Basic)
Plan 2	✓ (option)	- 1st year: 70% for basic services, up to \$750/person/year - 2nd year: 75% for basic services, up to \$1,000/person/year - 3rd and following years: 80% for basic services, up to \$1,250/person/year - 50% for major restorative, up to \$500/person/year (included in overall maximum of \$1,250)	✓	- 80% reimbursement for eligible prescribed medications - Pay Direct Card - \$10,000/year/person maximum
Plan 3	✓	- 70% reimbursement for basic dental services - \$500/person/calendar year maximum—no deductible - benefits are pro-rated in first year	✓ (option)	- no deductible - 70% coverage - max. of \$5,000/calendar year - terminates at age 65 - benefits are pro-rated in first year
Plan 4	✓ (option)	- 3-month waiting period - 70% reimbursement - \$750/year maximum	✓	- 70% reimbursement on the first \$7,000 - 100% on the next \$93,000 - no deductible - \$100,000 maximum/year
Plan 5	✓	- 3-month waiting period - \$500 max. per person per calendar year - 50% for endodontic, periodontal and oral surgery - 75% for other routine services - No coverage for major services	✓	- 75% for generic/brand name prescriptions - \$10,000 max. per person per calendar year - \$5 max. dispensing fee

Based on information from: <http://www.healthquotes.ca/Individual>

D. Scan the excerpts from an extended health insurance policy and decide whether the statements that follow are true or false.

GENERAL INFORMATION

The Policy

This policy, which includes the application, the policy particulars page and any amendment agreed to in writing, may not be changed or any provisions waived unless agreed to in writing by our officers authorized to sign policies.

The currency of this policy is Canadian.

If you or another insured person fail to tell us every fact material to the insurance, or misrepresent those facts, we may void the insurance.

Statements made on the application or on an evidence of insurability form which are fraudulent, or are a misstatement of age, may be contested at any time. Other statements are incontestable two years after the statements are made.

Premiums

Premiums are due on the date shown on the policy particulars page. Premiums are determined according to the age of each insured person and the province where they live. If a change in age puts the insured person into another rate category, premiums are adjusted at the next policy anniversary. If an insured person changes the province where they live, premiums are adjusted according to the rates of the new province of residence and are effective on the date of the change.

We have the right to change your premium. We will give you 30 days' written notice before the change is made.

Grace period

The grace period is 10 days for the payment of premiums and is allowed for each premium except the first. During the grace period, insurance remains in force and premiums continue to be payable by you.

We will terminate the policy when payment has not been made before the end of the grace period. We will send you written notice of termination. Any claims for expenses incurred after the policy has terminated are not eligible for payment.

Your right to cancel this policy

You may cancel this policy at any time by sending a written request to the address shown at the beginning of the policy. We must receive a minimum of 10 days' advance written notice of termination.

Effective Date of Coverage

Coverage is effective no earlier than the first day of the month following final approval of the application.

Medically Underwritten

If the plan is "medically underwritten," or "requires a medical questionnaire," you must disclose any medical condition, injury or illness that occurred or existed on or before the date of your application, regardless of whether you went to see a doctor about the condition or were given a diagnosis, or whether or not you believe that it is important. The premium charged and/or benefits offered could be subject to adjustment or modification of coverage, or declined based on your or your family's medical background. This will be determined after an evaluation of the information provided on the enclosed medical questionnaire.

Acceptance Period

If you and/or your family's medical history is such that a higher premium is required or that special conditions be applied to benefits (see *Medically Underwritten*), you will be notified in writing prior to your decision to accept the coverage. If at that time you decide not to proceed with the coverage, any initial payment will be returned and your application cancelled.

1. This policy can be changed or amended by the insured any time.
2. The amount of the premiums is stated in this policy.
3. You have 10 days to pay the premiums.
4. You can cancel this policy at any time.
5. Your coverage starts on the day you sign the policy.
6. This policy includes medically underwritten plans, which require full disclosure of your medical information.

E. Read the policy again and answer the questions. Locate the excerpt/sentence that supports your answer.

1. What documents constitute this policy?
2. When can the information provided by the insured be contested?
3. What two factors determine the premiums?
4. What will happen if the insured pays the premiums 12 days late?
5. What does the insured need to do in order to cancel the policy?
6. When will the insured start to be covered by this policy?
7. What information does the insured need to provide in a medical questionnaire?
8. On what basis can the coverage be declined or changed?
9. What will happen if the insured does not agree to higher premiums based on his/her medical information?
10. Which statements from this policy could be used in other types of insurance?

F. ⓘ Search the Internet for samples of insurance policies or bring in policies you own. Compare the statements above with those in your sample policy. Discuss similarities and differences.

G. ⓘ Access the websites of insurance companies that offer extended health insurance and obtain a quote (if possible). In small groups, discuss what information you provided and what information about the policy you received. Compare quotes. Would you purchase the insurance you researched? Explain.

Financing Post-secondary Education



The activities in this topic explore the costs of post-secondary education, government financial assistance programs for post-secondary students—including loans, bursaries and grants—and forms of financial help offered by financial institutions.

The *Financing Post-secondary Education* section includes two sets of activities:

Financing Post-secondary Education

Student Loans and Grants

You can select activities to teach based on the needs and interest of the learners in your class. The activities can be used individually and need not be used in the sequence in which they are presented. You may also add your own activities where appropriate. Suggestions and ideas for extending or complementing the specific activities are included in the teaching notes.

The activities in this section relate to the following theme in *LINC 1–5 Curriculum Guidelines*:

- **Education**
- **Banking and Commercial Services**

Learning Outcomes

The sample learning outcomes below can help you plan a lesson or series of lessons about financing post-secondary education. The outcomes are intended to guide you in defining areas of content and contexts for the language instruction. The financial literacy outcomes can help you determine the aspects of financial literacy to include in your instruction in order to facilitate learners' understanding, knowledge and competence. The language outcomes can guide you in selecting and designing language activities at CLB 6–8 that support financial literacy.

The activities included in this section are intended to support the outcomes below.

Sample Financial Literacy Outcomes	Sample Language and Numeracy Outcomes
<p>Understanding and knowledge</p> <ul style="list-style-type: none"> • Understand costs of post-secondary education • Understand eligibility requirements, terms and conditions of student assistance programs • Understand consequences of financial decisions (e.g., taking out a loan) • Recognize how a budgeting tool can facilitate sound financial decisions <p>Application</p> <ul style="list-style-type: none"> • Research information about various student expenses and payments in order to budget • Compare costs of various educational options • Use a calculating tool to predict results of financial planning/decisions (e.g., paying off a student loan) • Identify and select a form of financial help suitable for own purposes • Follow procedures to apply for a student loan 	<ul style="list-style-type: none"> • Demonstrate comprehension of the gist, factual details and some implied meanings in a talk about financing post-secondary education • Participate in a small group/class discussion on costs of post-secondary education and sources of financing it • Research information online and give a short presentation on a selected student financial assistance program • Demonstrate comprehension of a description of a specific financial assistance program

When planning a lesson or series of lessons, you can use the listed outcomes as they are or develop your own based on the needs and interests of the learners in your class. For ideas and strategies for conducting a needs assessment, see the *Instructor Guide*.

Background Information and Key Language Elements

You can use the background information to familiarize yourself with the key concepts related to financing post-secondary education that are presented in the learner activities in this section. For sources of more information on this topic or related classroom resources, please see the *Useful Websites* section.

The sidebar below lists major language elements that you may want to introduce or review to support the thematic content of the activities.

Costs of Post-secondary Education

Studying at a university or college can involve various costs. Depending on the program or school, tuition can vary from \$2,500 to \$8,000 or more per year. The cost of post-secondary education can also include the cost of accommodation, such as residence fees, as well as the cost of books and other materials, transportation, food and various necessities. Many students in Canada rely on help from the government and financial institutions to finance their education.

Government Assistance Programs

Government programs are the form of financial assistance most often utilized to help pay for university education. Government student loans provide money to eligible students based on demonstrated financial need. Funds are paid out through a combination of the CSL (Canada Student Loan) program and the provincial student loan program (e.g., OSAP—Ontario Student Assistance Program). Students apply in their province of residence.

Government student loans and other funds are granted only when other financial resources available to students are deemed insufficient to meet a student's education expenses. These resources include family contributions, part-time work, scholarships, bursaries, etc. If a student is under 19, a parent or a legal guardian/sponsor needs to co-sign the loan document.

Government student loans offer a great advantage over personal bank loans, as full-time students can qualify to have their accrued interest paid for by the federal and/or provincial government while they are still studying.

Private Loans and Lines of Credit

Private student loans or lines of credit are offered by many banks and credit unions. The main difference between them and the government programs lies in how the interest is repaid. In private loans or lines of credit, the student is responsible for all the accrued interest as soon as the loan has been signed.

Many medium to large corporations and private organizations also offer scholarships, bursaries and awards for students.

For more information on government loans, grants and bursaries, see www.canlearn.ca

Key vocabulary

loan
bursary
grant
scholarship
line of credit
eligible, eligibility
tuition
repayment
disbursement
instalment
interest
prime
amount outstanding
payment schedule

Verbs and verb collocations

to repay/manage a loan
to default on a loan
to charge interest
to qualify for a loan
to accrue interest
to disburse funds
to co-sign a loan

Proper names, abbreviations and acronyms

CSL, OSAP, RESP
Possible grammar structures
Passive voice in legal text to describe terms of payment (it will be paid, when it is assessed)

Related skills and strategies

skimming long texts
scanning web pages
reading formatted texts

Objective(s) and CLB level

The objective of this series of activities is to explore information about the costs of post-secondary education, government financial assistance programs for post-secondary students, and forms of financial help offered by financial institutions. The activities provide practice in vocabulary use, grammar, listening and writing. You can use them as an introduction to the next series of activities, *Student Loans and Grants*. These activities are generally appropriate for learners at CLB 6.

Targeted financial literacy outcomes

The activities in this section and the activity ideas in the teaching notes will help learners achieve the following financial literacy outcomes:

- Identify costs of post-secondary education
- Understand how government loans and grants work

Corresponding CLB competencies

- 🗣 CLB 6 : Understand descriptive or narrative monologues or presentations on generally familiar and relevant topics.
- ✍ CLB 6: Write 1 or 2 connected paragraphs to relate ... a detailed description ... or simple procedures.

Procedures

A. This is a warm-up that introduces the topic. It can be done as a class or small group discussion. You can also elicit/discuss the costs of education in college/university. Learners can research the information and share it with the class.

B. Have learners do the exercise and practise using the new words in sentences.

Answers:

1. d 2. e 3. a 4. b 5. f 6. c

You may need to introduce/revise other vocabulary items, depending on the learners in your class.

C and D. You may need to play the recording a few times. After the first listening, learners can answer questions about the gist and some key ideas/concepts.

Transcript

Studying at a university or college can involve various costs. Depending on the program or school, tuition can vary from \$2,500 to \$8,000 or more per year. The cost of post-secondary education can also include the cost of accommodation, such as residence fees, as well as the cost of books and other materials, transportation, food and various necessities. Many students in Canada rely on help from the government and financial institutions to finance their education.

Government programs are the form of financial assistance most often utilized to pay for university education. Government student loans provide money to eligible students based on demonstrated financial need. Funds are paid out through a combination of the CSL (Canada Student Loan) program and the provincial student loan program (e.g., OSAP—Ontario Student Assistance Program). Students apply in their province of residence.

Financing Post-secondary Education

Government student loans and other funds are granted only when other financial resources available to students are deemed insufficient to meet a student's education expenses. These resources include family contributions, part-time work, scholarships, bursaries, etc. If a student is under 19, a parent or a legal guardian/sponsor needs to co-sign the loan document.

Government student loans offer a great advantage over personal bank loans as full-time students can qualify to have their accrued interest paid for by the federal and/or provincial government while they are still studying.

Private student loans or lines of credit are offered by many banks and credit unions. The main difference between them and the government programs lies in how the interest is repaid. In private loans or lines of credit, the student is responsible for all the accrued interest as soon as the loan has been signed. In addition, many medium to large corporations and private organizations also offer scholarships, bursaries and awards for students.

You can adapt this activity and have learners listen to the talk and take notes. Then they can list most important details in point form.

Learners at lower CLB levels can be given the text and complete the blanks while listening.

F. You may want to pre-teach/review passive voice before this exercise. Discuss why passive voice is used and what tone it creates. Elicit examples of texts using passive voice (e.g., formal letters, notices, legal documents, documents directed to the public or groups of people). Also, discuss sentences when passive *can* be used (i.e., it is grammatically correct) but sounds awkward or inappropriate.

H. Learners can use their notes from part C to write their email messages.

Beyond the classroom: Learners can research the costs of studying at a university/college of their choice. They can explore tuition fees, costs of living and more. Ask them to present their findings to the class.

A. In small groups or in pairs, discuss the following questions about post-secondary education in the country you come from and Canada.

1. In the country you come from:
 - a) do students have to pay tuition for post-secondary education? Explain.
 - b) what costs are involved in studying at college or university?
 - c) who typically covers these costs: students themselves, their parents, or others?
2. What do you know about the costs of post-secondary education in Canada?

B. You will hear the words below in a talk about financing post-secondary education. Match the words with their meanings.

- | | |
|----------------------|----------------|
| 1. ____ rely on | a. given |
| 2. ____ eligible | b. not enough |
| 3. ____ granted | c. accumulated |
| 4. ____ insufficient | d. depend on |
| 5. ____ contribution | e. qualifying |
| 6. ____ accrued | f. gift |

C. 🎧 Listen to the talk and answer the questions below.

1. What expenses can the cost of post-secondary education in Canada include?
2. How are government loans administered?
3. Who can receive government student loans?
4. Why are government student loans better than personal bank loans?
5. What other forms of financial assistance are available to students?
6. What is an appropriate title for this talk?



D. 🎧 Listen again and complete the text with the missing words.

- Par. 1 Studying at a university or college can 1. _____ various costs. Depending on the program or school, 2. _____ can vary from \$2,500 to \$8,000 or more per year. The cost of post-secondary education can also include the cost of 3. _____, such as residence fees, as well as the cost of books and other materials, transportation, food and various necessities. Many students in Canada rely on help from the government and financial institutions to finance their education.
- Par. 2 Government programs are the form of financial assistance most often 4. _____ to finance university education. Government student loans provide money to 5. _____ students based on demonstrated financial need. Funds are paid out through a combination of the CSL (Canada Student Loan) program and the provincial student loan program (e.g., OSAP—Ontario Student Assistance Program). Students 6. _____ in their province of residence.
- Par. 3 Government student loans and other funds are granted only when other financial 7. _____ available to students are deemed insufficient to meet a student's education expenses. These resources include family contributions, part-time work, 8. _____, bursaries, etc. If a student is under 19, a parent or a legal guardian or sponsor needs to 9. _____ the loan document.
- Par. 4 Government student loans offer a great advantage over personal bank loans as full-time students can qualify to have their 10. _____ interest paid for by the federal and/or provincial government while they are still studying.
- Par. 5 Private student loans or lines of credit are offered by many banks and credit unions. The main difference between them and the government programs lies in how the interest 11. _____. In private loans or lines of credit, the student is responsible for all the accrued interest as soon as the loan has been 12. _____. In addition, many medium to large corporations and private organizations also offer scholarships, bursaries and awards for students.

E. Based on the context of the text, explain what the following phrases mean.

1. *the form of assistance most utilized* (par. 2) means....
2. *demonstrated financial need* (par. 2) means ...
3. *funds are insufficient to meet a student's education expenses* (par. 3) means ...
4. *government student loans have a great advantage over personal bank loans* (par. 4) means ...
5. *the main difference is how the accrued interest is repaid* (par. 5) means ...

F. Passive voice is often used to describe a process, e.g., obtaining a student loan. Read the sentences below and decide whether or not they can be changed into passive voice. If yes, rewrite them, using the correct form of the verb and making the necessary changes.

Example: *Students need to repay their loans. → Loans need to be repaid by students.*

1. Studying at a university can involve many costs.

2. Many students in Ontario rely on help of their parents to finance their post-secondary education.

3. The government will grant student loans only to those students who qualify.

4. Full-time students can qualify to have their accrued interest paid for by the government.

5. Many banks and credit unions offer personal lines of credit for post-secondary students.

6. The main difference between government and bank loans is how students can repay the interest.

7. The student is responsible for all accrued interest as soon as he/she signs the loan.

8. Many large organizations offer scholarships, bursaries and awards for students.

9. When students apply for a grant or bursary, they have to complete an application form.

10. Many students are eligible for federal and provincial government student loans.

G. Read the text about government student loans again. Find five sentences with verbs used in passive voice. Explain the use and rewrite them into active voice.

1. (par. 2)

Sentence in passive voice: _____

Sentence in active voice: _____

2. (par. 3)

Sentence in passive voice: _____

Sentence in active voice: _____

3. (par. 5)

Sentence in passive voice: _____

Sentence in active voice: _____

4. (par. 5)

Sentence in passive voice: _____

Sentence in active voice: _____

5. (par. 5)

Sentence in passive voice: _____

Sentence in active voice: _____

H. Using the text, write an email to your friend describing government student loans in Canada. Include information about possible costs of education, eligibility requirements, and advantages over bank loans.

To:

CC:

From:

SUBJECT:

Your message:

Objective(s) and CLB level

The objective of this series of activities is to explore information about different government financial assistance programs for post-secondary students as well as forms of financial help offered by financial institutions. The activities provide opportunities to practice vocabulary use, reading formatted texts, and online research. These activities are generally appropriate for learners at CLB 6–8.

Targeted financial literacy outcomes

The activities in this section and the activity ideas in the teaching notes will help learners achieve the following financial literacy outcomes:

- Identify costs of post-secondary education
- Understand how government loans and grants work
- Understand how student lines of credit work; compare government and bank loans for students

Corresponding CLB competencies

- 🗣️ CLB 6, 7: Give detailed presentations about ... simple processes or descriptions ... (CLB 6); give presentations about moderately complex processes ... or describe, compare and contrast in detail ... (CLB 7).
- 🗣️ CLB 6, 7: Participate in a small group discussion on non-personal familiar topics and issues: express opinions ... reservations, approval and disapproval (CLB 7).
- 📖 CLB 6–8: Get information from moderately complex business/service texts containing advice ... or detailed specifications (CLB 6), assessments, evaluations and advice (CLB 7), ... recommendations and statements of rules, regulations or policies (CLB 8).
- 📖 CLB 6, 7: Access, locate and compare (CLB 6) or integrate (CLB 7) ... information from online reference sources.
- ✂️ CLB 6–8: Reduce a page of information to an outline or summary (CLB 6); reduce a text of up to about 2 pages to an outline or summary (CLB 7, 8).

Procedures

This is a series of vocabulary practice activities. They can be done before Qualifying for Student Assistance activities.

Parts **A** and **B**. Elicit differences between various forms of student financial help.

C. Learners can write sentences and list more expressions or vocabulary items related to loans.

D. Answers:

- | | | |
|-----------------------|-----------------------------|---------------------|
| 1. amount outstanding | 4. accrue interest | 7. payment schedule |
| 2. disburse funds | 5. eligibility requirements | 8. interest rate |
| 3. deposit funds | 6. charge interest | |

E. Answers:

1. Gina still has to pay back her university loan. Once she gets a full-time job, it will be much easier for her to pay back the *amount outstanding*.
2. What is the current *interest rate* on a student line of credit?
3. In bank student loans, a student is responsible for all *accrued interest*.
4. Part-time students must *disburse funds* towards repayment of their loan while they are still at school.

Student Loans and Grants

5. I haven't met all the *eligibility requirements* for this grant and I haven't received it.
6. When you sign your loan documents, you agree to a *payment schedule*.
7. Banks *charge interest* on student loans as soon as the loan documents are signed.

As a follow-up, learners can write their own sentences with those collocations. You can also have them scan a text about student loans and locate other collocations that are typical for this context.

F–K. These activities are based on information from the OSAP portal. If you have access to a computer lab, you could ask learners to access the web page and work on comprehension exercises in the print version. The exercises can be done individually or in pairs.

H. Answers:

1. T
2. F
3. F
4. F
5. T

I. Learners can discuss the scenarios in small groups. They need to analyze each criterion and see if the student meets it; then they can present their decisions to the class.

Answer: Only Geoffrey qualifies for the grant—he lives in the rural area and meets the distance criterion. Mina doesn't qualify because she doesn't live away from her parents.

J. In this activity, learners research other forms of financial assistance offered by the government. The information on all grants and bursaries is presented in the same format as the text about the Ontario Distance Grant (part A). Learners can also research other forms of financial assistance not listed in this activity.

K. The purpose of this activity is to acquaint learners with another option for financing post-secondary education: a student line of credit. Learners can search for pamphlets advertising student lines of credit online or they can bring in print materials from local banks. Ask learners to read for tone and infer a persuasive message in each pamphlet.

L. This is a group project that involves researching, consolidating and presenting information about student finances.

This project can be done in 1–2 sessions or spread over a few sessions, depending on access to a computer lab. Some parts of it can be assigned as independent work.

Discuss with learners how they can divide their work among group members and how they can bring it together. For example, they can research different items individually and take notes; then they can pool researched information together. Also, encourage learners to give group presentations where each group member presents one item.

Encourage learners to look at universities across Canada, as costs and available help will vary. You may need to help learners navigate web pages and menus as they will vary from one institution to another. For example, there could be a separate section on financial help or the information could be part of the student services section.

Have learners make comparisons and draw conclusions; you can also ask guiding questions such as:

How do colleges vary from universities in terms of the cost of education and help available?

How does the location of the educational institution determine the cost of studying?

Which website offered the most helpful information? How easy was it to navigate?

Which university or college would they choose to study at? Etc.

You may also want to review key vocabulary and background information (see Financing Post-secondary Education).

Beyond the classroom: Learners can research and compare the specific forms of financial assistance available to students at universities/colleges of their choice.

A. In small groups, discuss and answer the questions below.

1. What costs are involved when studying at a post-secondary institution such as college or university? Make a list of possible expenses and discuss how much they could be in the town/city where you live.
2. Where could a student turn for financial help? List possible options and discuss what form this help might take (financial and other).
3. What is the difference between a scholarship, a bursary and a grant?
4. How do loans work? What are their most important features?
5. How is a loan different from a line of credit?

B. With a partner, discuss what the following terms mean. Use a dictionary or online source when necessary.

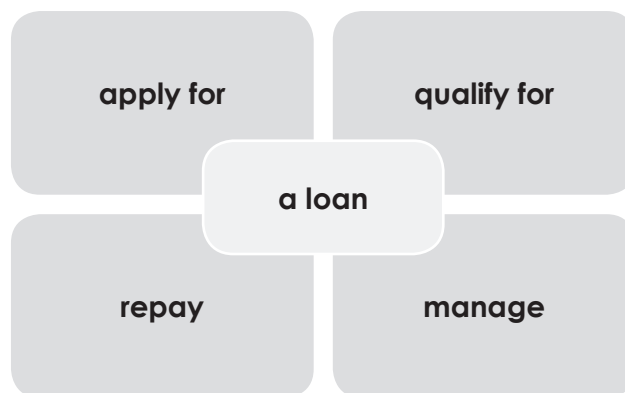
loan: _____

scholarship: _____

bursary: _____

grant: _____

line of credit: _____

C. The following expressions refer to a loan. Explain what they mean and write a sentence using each expression.

D. Many financial terms are combined with other words such as verbs or nouns. These associations are called collocations. For each word below, choose a word from the box to form a collocation. Check your answers with a dictionary.

accrue	funds	charge	amount
rate	payment	funds	requirements

- | | |
|----------------|-------------|
| 1. _____ | outstanding |
| 2. disburse | _____ |
| 3. deposit | _____ |
| 4. _____ | interest |
| 5. eligibility | _____ |
| 6. _____ | interest |
| 7. _____ | schedule |
| 8. interest | _____ |

E. Complete the sentences below with the collocations from part D. Use the correct form.

- Gina still has to pay back her university loan. Once she gets a full-time job, it will be much easier for her to pay back the _____.
- What is the current _____ on a student line of credit?
- In bank student loans, a student is responsible for all _____.
- Part-time students must _____ towards repayment of their loan while they are still at school.
- I haven't met all _____ for this grant and I haven't received it.
- When you sign your loan documents, you agree to a _____.
- Banks _____ on their student loan as soon as loan documents are signed.

F. Read the information about the Ontario Distance Grant, one of the forms of financial assistance available to post-secondary students.

ONTARIO DISTANCE GRANT—TRAVEL

Purpose: Students who must travel long distances to reach a university or college face unique challenges. A Statistics Canada study showed that people who live far from a post-secondary institution are less likely to attend college or university. In response to this, the Ontario government offers Distance Grants to assist students from remote and rural areas with their travel costs. Eligible students will receive the grants at the start of their first semester, along with the first instalment of the Canada–Ontario Integrated Student Loan, if applicable.

Amount of Aid: The value of this grant is \$300 per academic year.

Who Can Get This Aid: To be considered for this grant, you must meet the eligibility requirements for the Canada–Ontario Integrated Student Loan. In addition, you must also meet the following requirements:

- Attend a public Ontario college or university.
- Be a dependent student living away from his/her parent(s)' home during the period of study; and
- Have a permanent home address that is 80 kilometres or more from the closest public Ontario post-secondary institution of the type attended (i.e., 80 km from a college if a college student, university if a university student).

How to Apply: You do not have to fill out a separate application form for this grant, because your eligibility is based on the information supplied on your OSAP Application for Full Time Students. Use the current OSAP Application for Full-Time Students. This application is available online or in paper format. Applications are usually available by early May.

Application Deadlines: If you are taking a one-term program, the deadline to apply is within the first 30 days of your study period. If you are taking a two- or three-term program, the deadline to apply is 90 days before the end of your study period.

Documents You Need to Provide: There are no specific documentation requirements for this grant.

What Happens After You Apply: Your OSAP Application for Full Time Students is processed at which time your eligibility for this program is determined.

How and When You Get Your Aid: The travel grant will be paid once per year during the first term/semester of study. Your funding will be issued to you in one of two ways. Grant funds will either be directly deposited to your bank account or a cheque will be forwarded to your mailing address. Please check the OSAP website at osap.gov.on.ca to see if your grant has been issued, and if so, how and when you should expect to receive it.

Source: Ontario Distance Grant - Travel. Ontario Ministry of Training, College and Universities. Copyright Queen's Printer for Ontario, 2010. Retrieved from <https://osap.gov.on.ca/OSAPPortal/en/A-ZListofAid/PRD003555.html>

G. Answer the questions below.

1. What is the purpose of the Ontario Distance Grant?
2. Who provides this financial assistance?
3. How much is the distance grant worth? When and how is it paid?
4. What are the eligibility requirements for this grant?
5. How and when can a student apply for this grant?

H. Decide whether the following statements are true or false. Underline the sentence in the text that supports your answer.

1. This grant is available only to full-time students.
2. You have to live in a rural area to qualify for this grant.
3. You can apply for the grant only in paper format.
4. The grant will be paid at the beginning of each term.
5. You will not be eligible for this grant if you attend a private career college.

I. Read the following scenarios and decide whether or not the applicants would qualify for the Ontario Distance Grant. Give reasons why each person would or would not receive the grant.**Scenario 1**

Sophie is a high-school graduate and lives with her parents in Ottawa. She has decided to study at Sheridan College in Oakville, Ontario. The distance between Ottawa and Oakville is 489 kilometres. Sheridan College is a public Ontario college. There are other colleges closer to Emily's home, but the program she chose to study is available only at Sheridan.

Scenario 2

Geoffrey is a newcomer to Canada. He lives with his sister in Goderich, Ontario. He would like to study computer engineering at the University of Waterloo, Ontario. It would be over 100 kilometres to travel to school and back each day, so he decided to rent a room close to the university campus. He still wants to visit his sister regularly.

Scenario 3

Mina arrived in Canada two years ago to join her husband. She wants to change her career and decided to study at the nearest university, which is located 90 kilometres away from her home.

J. ① Below is a list of some forms of financial assistance available to post-secondary students in Ontario. With a partner, discuss who could be eligible for each program.

1. Child Care Bursary
2. Ontario Work Study Plan
3. Canada Student Grant for Persons with Dependants
4. Part-Time Canada Student Loan
5. Bursary for Students with Disabilities
6. Canada Student Grant for Persons from Low-Income Families

Go to *OSAPortal* and view the webpage with an A–Z listing of programs available in the current academic year (<https://osap.gov.on.ca/OSAPPortal/en/A-ZListofAid/index.htm>). Research one of the programs (assigned or of interest to you) and complete the table below with important details. Present the program you researched to the class.

Child Care Bursary	Part-Time Canada Student Loan
Ontario Work Study Plan	Bursary for Students with Disabilities
Canada Student Grant for Persons with Dependants	Canada Student Grant for Persons from Low-Income Families

Name of OSAP program:	
Who it is for:	
Type and amount of aid:	
When and how to apply:	
When and how it is paid:	
Important details:	

**K. Read information pamphlets about a student line of credit offered by two different banks.
Answer the questions that follow.**

ABC BANK

Getting a higher education is one of the most important things you can do to prepare for a satisfying and rewarding career. But tuition fees are high, there are many other expenses involved, and government student loans are increasingly difficult to obtain.

ABC Bank is here to help. Whether you're a student or the parent of a student, a Credit Line for Students can help ensure that you have funds available when you need them. It features one of our most attractive interest rates. And best of all, it costs nothing to talk to a credit specialist and set one up.

If you are attending college or university internationally, you should know that we have loans available to assist you with your student financing needs.

- **Credit Line for Students**
A credit limit of up to \$10,000 per year (assigned based on your expense requirements)
- **Credit Line for Students—Professional Designation**
A credit limit that recognizes both the additional costs of your education and your earnings potential upon graduation.

If you need an easy and flexible way to borrow money, the **ABC Credit Line for Students** can help.

Unlike a traditional student loan, where you have to borrow all the money upfront, the ABC Credit Line for Students gives you access to a specific amount of money each year. You can borrow all or any of it, at any time—and you can reuse any of it as soon as you repay it.

ABC Credit Line for Students features and benefits:

Credit Limits	Undergraduate: Starting at \$5,000 per year Post-graduate: Starting at \$10,000 per year Professional degree: \$40,000 to \$150,000, depending on the degree
Interest Rate	Prime Rate + 1% (subject to change)
Benefits	<p>No charge unless you use it While you are a student, you only pay interest on the outstanding amount.</p> <p>Easy to access Make withdrawals from any ABC Bank ATM machine, write a cheque, or use online, mobile or telephone banking to transfer money.</p> <p>Easy to repay As long as you're a full- or part-time student, you only have to pay the interest owing each month. If you haven't used your credit, there's nothing to pay. After graduating, you have up to 12 months before you are required to repay any of the principal you've borrowed. We will set up a fixed payment schedule to help you repay your loan.</p>

XYZ BANK

Paying for education: Put your bank to work for you

Your bank can provide sound advice, so ask them to do some of the legwork. At XYZ Bank, we understand how the costs of tuition, books, rent and everyday needs can really add up.

When it comes to paying for your education, we are here to help in more ways than you may think:

XYZ Bank Student Line of Credit

Find out how a Student Line of Credit can help pay for your education. You can use the funds for anything—tuition, rent, groceries and other supplies. Your line of credit is accessible when you need it, via any ABM, *Interac*, Internet banking, telephone banking, free cheques and at any branch.

As a full-time undergraduate university or college student, you may qualify for a credit line of up to \$10,000 a year to a maximum of \$40,000. Part-time students are eligible for half that amount. Plus, the XYZ Bank Student Line of Credit allows you to make interest-only payments while in school and for up to 12 months after you finish or leave school.

At XYZ Bank, we understand that higher education doesn't come cheap. As a student, you already know that. To give you a hand with your expenses, we've customized our Student Lines of Credit so that you can get the help you need to cover the costs of such things as tuition, books and living expenses.

A customized solution designed with you in mind

With a Student Line of Credit, you can have access to the money you need, when you need it—and use it for whatever you want. But you'll also get much more:

- Pay no monthly or annual fees.
- Get a competitive interest rate, equal to prime plus a variance rate. Good news: the variance rate doesn't increase after you graduate!
- Withdraw any amount (up to your approved credit limit).
- Pay interest-only monthly payments for up to 12 months after you finish school.
- Enjoy low monthly payments after the interest-only grace period, with up to 20 years to repay.
- Access your money through ABMs, Interac Direct Payment, Internet banking, telephone banking, free cheques, and at any XYZ Bank branch.

Undergraduate students

Program: Full- or part-time post-secondary students in an accredited Canadian university or college

Student Line of Credit details:

- **Credit limit amount (full-time students)** — Up to \$10,000 per year to a maximum of \$40,000 over four years of study
- **Credit limit amount (part-time students)** — Up to \$5,000 per year to a maximum of \$40,000 over eight years of study

1. What maximum amount of money does each line of credit offer undergraduate and graduate studies?
2. What is the amount approved based on?
3. How often can you borrow money from each line of credit?
4. In how many years you will have to repay the money borrowed?
5. What is the interest rate for each line of credit?

6. What are the differences between the two lines of credit? Which one would be a better option for you? Why?
7. Read both pamphlets and underline the phrases that are meant to persuade the reader to use the advertised services. Discuss the tone that is used.

L. ① As a group, research the website of a college or university of your choice. The researched information should include:

- Cost of tuition for a full-time program of your choice
- Cost of residence and meal plan
- Estimated cost of fees, books and materials
- Other costs (if any)
- Types of information about financial help—make a list of forms of assistance available and who provides them
- Advice and tools for financial planning—give a brief description for each

In groups, present your findings to the class. Compare researched information and draw conclusions on the differences in costs, financial help available and information and tools offered.

You can use the table below to record your findings.

RESEARCH NOTES	
Name and location of university or college:	
Cost of tuition	
Cost of residence and meal plan	
Estimated cost of fees, books and materials	
Other costs	
Forms of available financial assistance	
Advice on financial planning	
Tools for financial planning	
Other useful information	

RESPs



Activities in this topic explore the types and features of Registered Education Savings Plans (RESPs), the Canada Education Savings Grant (CESG) and the Canada Learning Bond (CLB) as well as RESP providers and forms of investment.

The *RESPs* section includes two sets of activities:

RESPs: Consumer Information

RESPs: Investment Options

You can select activities to teach based on the needs and interest of the learners in your class. The activities can be used individually and need not be used in the sequence in which they are presented. You may also add your own activities where appropriate. Suggestions and ideas for extending or complementing the specific activities are included in the teaching notes.

The activities in this section relate to the following theme in *LINC 1–5 Curriculum Guidelines*:

- **Education**

Learning Outcomes

The sample learning outcomes below can help you plan a lesson or series of lessons about RESPs. The outcomes are intended to guide you in defining areas of content and contexts for the language instruction. The financial literacy outcomes can help you determine the aspects of financial literacy to include in your instruction in order to facilitate learners' understanding, knowledge and competence. The language outcomes can guide you in selecting and designing language activities at CLB 6–8 that support financial literacy.

The activities included in this section are intended to support the outcomes below.

Sample Financial Literacy Outcomes	Sample Language and Numeracy Outcomes
<p>Understanding and knowledge</p> <ul style="list-style-type: none"> • Understand how RESPs, the CESG and the Canada Learning Bond work • Understand investment products • Understand the effects of different saving strategies • Be aware of risks and returns in different forms of investments <p>Application</p> <ul style="list-style-type: none"> • Identify a savings goal and develop strategies for own situation • Identify specific savings strategies for post-secondary education purposes • Identify a specific RESP plan appropriate for own needs • Access and compare information about RESP plans, providers and types of investments 	<ul style="list-style-type: none"> • Demonstrate comprehension of the gist, factual details and some implied meanings in a brochure about RESP providers and investment options • Describe how the CESG and Canada Learning Bond work • Demonstrate comprehension of main ideas and specific details in a talk about RESPs • Participate in a small group/class discussion in order to select an RESP plan to match specific needs; discuss advantages and disadvantages • Calculate amounts of available government financial help

When planning a lesson or series of lessons, you can use the listed outcomes as they are or develop your own based on the needs and interests of the learners in your class. For ideas and strategies for conducting a needs assessment, see the Instructor Guide.

Background Information and Key Language Elements

You can use the background information to familiarize yourself with information on RESPs and the related concepts that are presented in learner activities in this section. For sources of more information on this topic or related classroom resources, please see the *Useful Websites* section.

The sidebar below lists major language elements that you may want to introduce or review to support the thematic content of the activities.

An RESP is an education savings account registered with the Government of Canada. It helps parents, family or friends put aside money for a child's post-secondary education. Parents can open an RESP at a financial institution, such as a bank or credit union, or through a certified financial planner or group plan dealer. These institutions, planners and dealers are known as "RESP providers."

In addition to parents' RESP contributions, families could receive the Canada Learning Bond and/or the Canada Education Savings Grant.

Canada Learning Bond

The Canada Learning Bond is \$500 offered by the Government of Canada to help families start saving right away for a child's education after high school. Plus, a child could get \$100 every year until he or she turns 15, up to a maximum of \$2,000. Any child born after December 31, 2003 is eligible for the Canada Learning bond as long as his or her parents are also receiving the National Child Benefit Supplement under the Canada Child Tax Benefit. In other words, eligibility for the Canada Learning Bond depends on family income.

Canada Education Savings Grants

The Canada Education Savings Grant is money that the Government of Canada will add to RESP savings. The grant has two parts:

- the Basic Canada Education Savings Grant, which gives 20 percent on the dollar for the first \$2,500 saved in a child's RESP each year, no matter how much money the family makes.
- the Additional Canada Education Savings Grant, through which—depending on net family income—families could receive an extra 10 or 20 percent on every dollar of the first \$500 saved in an RESP each year

To open an RESP and start receiving the Canada Education Savings Grant, parents need to:

- get a social insurance number (SIN) for the child
- contact an RESP provider of their choice to open an RESP
- open the RESP and complete the basic and Additional Canada Education Savings Grant and Canada Learning Bond application forms with the help of their RESP provider

For more information about RESPs, visit: http://www.hrsdc.gc.ca/eng/learning/education_savings/public/resp.shtml.

Key vocabulary and collocations

beneficiary
subscriber
RESP provider
bond (n)
annual contribution
group plan
mutual fund
T-bill, GIC
stock

Verbs and verb collocations

to earn interest
to charge fees
to terminate a plan
to contribute
to make contributions
to make a payment
to miss a payment
up to
low-risk, high-risk
investment
investment return
fixed return
interest owing
earning power of
investment

Proper names, abbreviations and acronyms

RESP, CLB, CESG, Canada Revenue Agency, National Child Benefit Supplement, Canada Child Tax Benefit
Possible grammar structures
Passive voice in legal text to describe terms of investment

Objective(s) and CLB level

The objective of this series of activities is to explore information about RESPs: providers, plans and related forms of investment. The activities provide practice in vocabulary use, listening and writing. These activities are generally appropriate for learners at CLB 6–7.

Targeted financial literacy outcomes

The activities in this section and the activity ideas in the teaching notes will help learners achieve the following financial literacy outcomes:

- Understand how RESP and related government grant and bond programs work
- Compare RESP plans, providers and forms of investment

Corresponding CLB competencies

- 📖 CLB 6: Understand descriptive or narrative monologues or presentations on generally familiar and relevant topics.
- 🔍 CLB 6, 7: Get information from moderately complex business/service texts containing advice ... or detailed specifications (CLB 6), assessments, evaluations and advice (CLB 7).
- ✍️ CLB 6, 7: Reduce short oral discourse ... to notes.

Procedures

This series of activities introduces learners to the concept of RESPs; it also provides opportunities to practise vocabulary related to RESP plans.

A. This is a warm-up activity that can also be done as a whole-class discussion.

B and C. These are listening activities based on the “*Saving for your child’s education*” brochure by the Ontario Securities Commission. You can access it online:

- Go to: CanLearn.ca >Education Savings for Your Child>Registered Education Savings Plan> Consumer Information
- Next, go to: Saving for your child’s education: get the facts about RESPs before you invest

B. Transcript

An RESP is a special account to help people save for education after high school. The money earned in an RESP isn’t taxed until it’s withdrawn. You can open an RESP for a child, yourself or another adult. This person is called a “beneficiary.”

Making contributions

The lifetime contribution limit for each beneficiary is \$50,000. If you contribute more than this, you may have to pay a tax on the excess amount. Unlike Registered Retirement Savings Plans (RRSPs), you can’t deduct RESP contributions from your taxes.

The number of years you can contribute depends on the plan, but it is usually between 18 and 22 years. An RESP can stay open for up to 36 years.

Receiving payments

Once your beneficiary is enrolled in a qualifying educational program, they can start receiving payments from the plan. These payments are taxable in the student’s hands. Since most students have little or no other income, they will likely pay little or no tax.

RESPs: Consumer Information

If your beneficiary does not continue with post-secondary education after high school

You have a few options. Your plan may allow you to choose another beneficiary. In some cases, you can transfer the earnings to your RRSP. Or you may be able to withdraw the earnings in cash, but you'll have to pay tax on them. You have to return any grants to the government, unless you have a family RESP.

C. Answers:

1. isn't taxed 2. lifetime, \$50,000 3. excess amount 4. can contribute 5. qualifying 6. have a few options

D. Answers:

1. beneficiary 2. matures 3. contributions 4. schedule 5. enrollment 6. pooled 7. drops out 8. forfeit

E. Transcript

There are three basic types of RESPs: individual plans, family plans and group plans.

Anyone can open an individual RESP and anyone can contribute to it. This includes parents, grandparents, aunts, uncles and friends. You can even contribute to an individual plan for yourself.

A family RESP can have one or more beneficiaries, but each beneficiary must be related to the contributor. The beneficiaries must be under 21 when they're named. Contributions can only be made until a beneficiary turns 21.

A group RESP pools the contributions of many investors. Contributions are made according to a schedule and are used to buy plan units. The date the plan matures is set at the time of the enrolment and based on the child's birth date. When the plan matures, the beneficiary usually shares in the pooled earnings of investors with children the same age. If your child does not begin post-secondary studies at the same time as the rest of the group, the earnings you receive from the plan may be affected. And if you drop out of the plan before it matures, you forfeit all of your earnings to the group.

E. Answers:

1. F 2. F 3. T 4. F 5. T 6. T 7. T

F. In this activity, learners take notes on the most important information. You may want to review some of the most common strategies/techniques for note-taking, e.g., using verb or noun phrases only, using symbols and abbreviations, making a vertical list.

G. Have learners discuss their choices and provide supporting arguments. You can suggest making a list of factors that need to be considered when making a decision on an RESP plan. They can also come up with beneficiary profiles for each plan type.

H. This text is another section from the OSC brochure, "*Saving for your child's education.*" You could also use it as a listening text to practise large numbers. You can white out all numbers in the text and have learners complete the blanks with the numbers they hear.

RESPs: Consumer Information

I. In this activity, learners need to make some calculations. You can pre-teach or review the names of those calculations and verbs that express the actions, e.g., addition, add, multiplication, multiply, percent, etc.

Answers:

Svetlana and Adam:

1. They qualify for CESG; there is not enough information to determine if they qualify for other programs.
2. \$200
3. After 5 years: \$2,000; after 15 years: \$6,000.

Fawzia and Amir:

1. They qualify for CESG for each child and CLB for two younger children. The oldest child cannot receive CLB because she wasn't born after Dec. 31, 2003.
2. The oldest child: $\$400 \times 20\% = \80 ; for each younger child: $\$200 \times 20\% = \40 .
3. \$240 (CESG calculated at 20% for three years), but the child may receive more money in additional CESG because of the low family income.
4. For each child, calculate CLB plus CESG:

CLB: $\$500 + (\$100 \times 10) = \$1,500$ CESG: $\$40 \times 10 = \400 total grants: \$1,900

Beyond the classroom: Learners can research/obtain information on RESPs for their own use; they can predict and calculate amounts of CESG and CLB in different contribution scenarios.

A. In small groups or in pairs, discuss the questions below.

1. What does RESP stand for?
2. What can an RESP be used for? Who can open an RESP?
3. What forms of investment do you know? Would you use any of them for an RESP?

B. 🎧 Listen to Part 1 of the talk about an RESP and answer the following questions.

1. Who can you open an RESP for?
2. What is a maximum lifetime contribution for each beneficiary?
3. How is an RESP different from an RRSP?
4. What may a contributor have to do if the contribution limit is exceeded?
5. How long can an RESP stay open?
6. When can the beneficiary of the RESP receive money from it?
7. What can be done if the beneficiary of the plan doesn't pursue post-secondary education?
8. What will happen to the government grants if the beneficiary doesn't go to a university or college?
9. Who has to pay taxes on money saved in an RESP?

C. 🎧 Listen again and complete the sentences below.

1. The money earned in an RESP _____ until it's withdrawn.
2. The _____ contribution limit for each beneficiary is _____.
3. If you exceed \$50,000 in contributions on an RESP, you may have to pay a tax on the _____.
4. The number of years you _____ depends on the plan.
5. When your beneficiary is enrolled in a _____ educational program, they can start _____ payments from the plan.
6. If your beneficiary doesn't go to university or college, you _____.

D. You will hear the words below in Part 2 of the talk. Complete the sentences with the words. Use verbs in their correct forms.

contributions	to mature	to forfeit	to drop out
beneficiary	enrolment	to pool	schedule

1. A _____ is a person who is entitled to all funds in an RESP.
2. When an RESP _____, the child can receive the earnings from it.
3. Amounts of money deposited into an RESP are called _____.
4. In some types of RESPs, you must put in money according to a _____.
5. _____ in a college or university program is necessary to start receiving payments from an RESP.
6. In some types of RESPs, money from many investors is _____ and invested.
7. If the child _____ of school, the money from her RESP can be used by her siblings.
8. The Joneses had to _____ all the earnings from their RESP to the group because they withdrew from the plan when their son was 12.

E. Listen to Part 2 of the talk and write T (True) or F (False) for each of the statements below.

1. Only family members can open an individual RESP. _____
2. Beneficiaries of a family RESP cannot be related to each other. _____
3. In a group RESP, individual contributions are invested together. _____
4. The maturity date for the plan depends on you. _____
5. Plans of children of the same age mature at the same time. _____
6. The earnings from the plan may depend on whether or not your child starts his/her post-secondary education at the same time as the rest of the group. _____
7. Your child will lose all the earnings to the group if you drop out of the plan prematurely. _____

F. 🎧 Listen again and take notes. Complete the table with information about how the three types of RESPs are different. Compare your notes with a classmate.

<i>Information about:</i>	<i>Individual RESP</i>	<i>Family RESP</i>	<i>Group RESP</i>
<i>Contributor/ Contributions</i>			
<i>Beneficiary</i>			
<i>Restrictions</i>			

G. Work in pairs or small groups. Discuss the following questions.

1. What are some advantages and disadvantages of each type of RESP? Make a list.
2. Which type of RESP would you choose and why?

H. Read the text below about federal government grant programs.

The federal government will match contributions to a child's RESP through the following grant programs:

- The Basic Canada Education Savings Grant (CESG) will top up your annual contribution by 20 percent, up to a maximum of \$500 a year for each beneficiary, until he/she turns 17. The lifetime limit for the grant is generally \$7,200. Additional CESG grants may be available depending on your income.
- The Canada Learning Bond (CLB) provides an additional grant of an initial \$500 followed by \$100 each year to a maximum of \$2,000 per child to help families with a modest income. Children must be born after December 31, 2003 to qualify. The bond can be received until a child turns 15, but only while the parents receive the National Child Benefit Supplement under the Canada Child Tax Benefit.

Adults are not eligible for these grants.

I. In pairs, read the scenarios and answer the questions. Explain how you calculated the required amounts.**Svetlana and Adam**

Svetlana and Adam have opened RESP plans for their twins born on October 31, 2011. They have decided to contribute \$1,000 annually for each child.

1. What federal grant program do they qualify/ do not qualify for? Why?
2. How much money can each of their children receive in CESG annually?
3. What could the total CESG contribution for both children be after 5 years? 15 years?

Fawzia and Amir

Fawzia and Amir have three children, aged two, five and 15. The family receives the child supplement under the Canada Child Tax Benefit. Fawzia and Amir want to open RESP plans for each of their children. They want to contribute most to their oldest child's plan—\$400 per year. For their younger children, they will make annual contributions of \$200 each.

1. What federal grant program do each of their children qualify/ not qualify for? Why?
2. How much money can each of their younger children receive in CESG annually?
3. What will the government contribution be for their oldest child?
4. What could the total government contribution be for each of their younger children after 10 years?

Objective(s) and CLB level

The objective of this series of activities is to explore information about RESPs: providers, plans and related forms of investment. The activities provide opportunities to practise vocabulary use, listening and writing. These activities are generally appropriate for learners at CLB 7–8.

Targeted financial literacy outcomes

The activities in this section and the activity ideas in the teaching notes will help learners achieve the following financial literacy outcomes:

- Understand risk and return in investments
- Compare RESP plans, providers and forms of investment

Corresponding CLB competencies

- 📖 CLB 7, 8: Get information from moderately complex business/service texts containing assessments, evaluations and advice (CLB 7) ... recommendations and statements of rules, regulations or policies (CLB 8).
- ✍ CLB 7, 8: Reduce short oral discourse to notes (CLB 7); reduce oral discourse about established procedures into notes ... (CLB 8).

Procedures

A. This is a warm-up activity and could also be done as a whole-class discussion.

B. This is a listening activity that involves taking notes. You can ask learners to take notes first and then fill in the blanks in the summary.

Transcript

Anne: So, John, today I'd like to ask you a few questions about RESP investments. Many of our clients are interested in various forms of investments and issues related to them—for example, risk and return.

John: I'll try to answer your questions, but I have to warn you, much of the information I can give you today is just the tip of the iceberg, and people may need to go to the right source to get all of the details.

Anne: Okay, let's get started then. What factors do you think should determine the type of RESP plan that someone may want to open?

John: Oh, there are many factors, but I think the most important ones are, firstly, your beneficiaries—how many of them you have and how old they are; and secondly, money—how much you have and how you want to invest it.

Anne: What about where you want to invest it?

John: Oh, the type of RESP you invest in will depend on your RESP provider.

Anne: Can you elaborate on that?

John: Sure ... Your RESP provider is a financial institution/organization where you can open an RESP. It can be a bank, a credit union, a mutual funds company, a personal investment planner or a group plan dealer. Group plan dealers are also known as scholarship plan dealers. So as you see, you have quite a few options.

Anne: So, does that mean all these providers offer the same types of RESPs?

John: Oh, no, their services can differ quite substantially. It really depends on what kind of a service provider you choose.

Anne: Can you give an example?

RESPs: Investment Options

John: Well, let's say you want to open your RESP with a bank or a credit union. Through them, you can purchase certain investment products such as GICs or mutual funds. If you don't want to take any risk, you can open a savings account that is your RESP.

Anne: Oh, that sounds pretty straight forward.

John: Yeah, it's just the beginning. See, you can buy the same products through your financial planner. Here, there is another factor—who makes all the investment decisions. You need to answer this question for yourself: Do I want to make all the financial decisions or would I rather have someone do it for me?

Anne: I see... and what about group plan dealers?

John: Oh, that's quite a different story. These dealers usually offer group plans where your money is pooled together with other people's contributions. The dealer makes all the decisions. Those plans usually invest in fixed income products, so the risk is relatively low. For example, they will typically invest your money in bonds, GICs or T-bills.

Anne: Okay, you need to explain these terms here... What is a GIC? What is T-bill? Can you tell us more about these, as you call them, investment products?

John: Oh, of course. They are called investment products, as you said, or investment vehicles. Here, GIC stands for Guaranteed Investment Certificate and it's a form of investment where you lock up your money for a period of time, like five or 10 years, and accumulate interest. In traditional GICs, both the principal (your deposit) and interest are guaranteed. Treasury bills, also called T-bills, and bonds are other safe forms of investment. They are usually issued by governments, for example, the Government of Canada, and have a low risk. However, because of that, they also tend to pay a low return.

Anne: And what about stocks or mutual funds? They are advertised as a good form of investment, especially in RESP season.

John: Well, they are, but only in the hands of someone who is informed and knows when and how to make the right decision. They are considered high-risk investments. Stocks are, in a nutshell, shares in a company, so when you buy stocks you become a partial owner of it. The income is never guaranteed and investors may even lose their whole investment.

Anne: And mutual funds?

John: Mutual funds are an investment product where the money of many investors is pooled together and used to buy a variety of stocks or company bonds. This is done by a professional fund manager. So, that means your money is diversified—spread over many investments. This is done to lower the risk and raise the return. There are, however, fees that can reduce your earnings.

Anne: Thank you, John. That is a clear explanation. Is there anything else we need to know?

John: Oh, probably the most important thing to remember is to make sure that anyone who handles your investments or gives you professional investment advice is licensed to do that by the Ontario Securities Commission. You can actually contact the OSC to check whether someone is registered with them.

Anne: That is really important. Thank you for all this information, John.

John: My pleasure.

RESPs: Investment Options

C. Learners can work in pairs and brainstorm possible meanings/explanations. You can take up the answers with the whole class.

D. Answers:

1. pool contributions
2. high risk
3. administrative fees
4. interest owing
5. go into default
6. sales charges
7. investment options
8. return on investments

E. This table is a part of the OSC brochure, *"Saving for your child's education."* Depending on the learners in your class, you may need to review/explain more vocabulary items in addition to those in parts A and C. Learners can answer T and F questions in pairs. You could extend this activity by having learners ask more questions about the specific details in the table.

Answers:

1. T 2. F 3. F 4. T 5. F 6. T 7. T 8. F

Beyond the classroom: Learners can research information on an RESP plan and provider of their choice and bring the results to class.

A. In pairs or small groups, discuss the answers to these questions.

1. What factors determine what type of RESP someone will open? Make a list.
2. What costs do you think are involved in opening and keeping an RESP?
3. What risks are involved in investing in an RESP? Give examples.

B. 🎧 Listen to the interview with a financial advisor about RESP providers and types of investments. Complete the summary of the interview with missing information.

A type of RESP plan that you may want to open, and the investments you choose, will depend on the following factors:

- *how many beneficiaries you have*
- *how _____*
- *how much money you want to invest, and*
- *_____.*

The type of investment will also depend on _____. You can open an RESP through a bank, _____, _____, mutual funds company, investment planner/advisor or a group plan dealer (also called a _____).

The most typical forms of investments used in RESP plans are savings accounts, GICs, bonds, T-bills, mutual funds and stocks. They have different levels of risk and different rates of return.

Savings account: _____

GIC: _____

Bond: _____

T-bill (Treasury bill): _____

Mutual fund: _____

Stock: _____

Anyone selling securities or offering investment advice in Ontario must be registered with the Ontario Securities Commission (OSC), unless they are exempt from this requirement. You can contact the OSC to check whether or not someone is registered.

C. The table in part E gives information about some aspects of RESPs with various providers. Scan the table, locate the terms below and explain what these terms may mean. Check your answers with a dictionary or online.

1. investment options: _____
2. return on investments: _____
3. investment risk: _____
4. sales charges: _____
5. administrative fees: _____
6. to pool contributions: _____
7. go into default: _____
8. interest owing: _____

D. Complete the sentences below with expressions from part C. Make any necessary changes to the expressions to make sure that the sentences are correct.

1. In group RESP plans, subscribers _____ their _____ .
2. Stocks and mutual funds have rather high _____ .
3. Almost all types of RESP investments have _____ .
4. If you are late with your payments, the _____ will grow from the first day past your due date.
5. If you miss a contribution to a group RESP, your account will _____ .
6. When you buy some forms of investments, _____ may apply.
7. Investment dealers can provide you with detailed information on many _____ .
8. Risk and return in investments go together. Taking high risk can give you high _____ your _____ .

E. Read the information about investment options with various RESP providers.

RESP PROVIDERS AND INVESTMENT OPTIONS			
Individual and family plans			Individual, family and group plans
BANKS and CREDIT UNIONS: <ul style="list-style-type: none"> • Savings accounts • GICs • Mutual funds 	MUTUAL FUND COMPANIES: <ul style="list-style-type: none"> • Mutual funds 	INVESTMENT DEALERS: <ul style="list-style-type: none"> • T-bills • Bonds • Mutual funds • Stocks 	SCHOLARSHIP PLAN DEALERS: <p>Fixed income securities:</p> <ul style="list-style-type: none"> • T-bills • Bonds • GICs
RISK AND RETURN			
GIC products are low risk and offer fixed returns. Mutual funds and stocks may offer potentially greater returns, but they are riskier than GICs because you can lose some or all of your investment if the value falls.			Investment options have lower risk and tend to have fixed returns.
INVESTMENT DECISIONS			
You or your advisor chooses an appropriate mix of investments.			All of the investment decisions are made for you.
CONTRIBUTIONS			
You decide when and how much to contribute, up to the lifetime limit.			<p>If you have an individual or family plan, you decide when and how much to contribute, up to the annual and lifetime limits.</p> <p>If you have a group plan, you will have to make contributions according to a set schedule, which you determine when you open the plan. Your contributions are pooled with those of other investors.</p> <p>If you miss a contribution to a group plan, your account may go into default and your plan may be terminated. If you are allowed to stay in the plan, you may have to pay extra fees and interest on the missed payment. The interest owing can grow over time to an amount that is difficult to repay.</p>
COSTS			
<p>The fees depend on the investments you choose. They may include:</p> <ul style="list-style-type: none"> • sales charges if you buy mutual funds • management fees, which could include trustee and administrative fees if you buy mutual funds; these fees reduce your investment returns • commissions if you buy or sell stocks or bonds; there are generally no fees to buy GICs, Canada Savings Bonds and other deposit products 			<p>You can expect to pay:</p> <ul style="list-style-type: none"> • enrolment fees • administration fees • investment management fees • depository fees • trustee fees <p>Most fees are deducted from your early contributions, which decreases the earning power of your investment.</p>

Based on information from: http://www.osc.gov.on.ca/documents/en/Investors/res_resp_en.pdf.

F. Write T (True) or F (False) next to each of the statements below. Explain your answers.

1. You can open a family RESP plan with all of the RESP providers listed in the table. _____
2. Scholarship plan dealers invest their contributors' money in mutual funds. _____
3. GICs may offer potentially greater returns than mutual funds and stocks. _____
4. Bonds are one type of fixed income securities. _____
5. A scholarship plan dealer can advise you on a selection of investments. _____
6. Your group plan can be terminated if you miss a contribution. _____
7. If you buy stocks for your RESP, you have to pay a commission. _____
8. A family plan with a scholarship plan dealer gives you the same investment options as a family plan with an investment dealer. _____

G. With a partner, make a list of potential questions someone could ask a provider before opening an RESP plan. Think of various situations that could affect the plan. Ask about fees, risk and return, the possibility of transferring the funds to another child, cancelling a plan, etc.

Example: What happens if a beneficiary doesn't pursue post-secondary education?

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____





Employment

The activities in this section explore the topics of remuneration, information included on a typical pay slip, negotiating a salary and benefits, as well as common employment scams. The activities also present information about the process and elements involved in starting your own business, including resources offered by the provincial and federal governments.

The *Employment* theme includes four sets of activities:

Getting Paid

Negotiating Your Pay

Employment Scams

Starting Your Own Business

You can select activities to teach based on the needs and interest of the learners in your class. The activities can be used individually and need not be used in the sequence in which they are presented. You may also add your own activities where appropriate. Suggestions and ideas for extending or complementing the specific activities are included in the teaching notes.

The activities in this section relate to the following theme in *LINC 1–5 Curriculum Guidelines*:

- **Employment**

Learning Outcomes

The sample learning outcomes below can help you plan a lesson or series of lessons about employment and starting a business. The outcomes are intended to guide you in defining areas of content and contexts for the language instruction. The financial literacy outcomes can help you determine the aspects of financial literacy to include in your instruction in order to facilitate learners' understanding, knowledge and competence. The language outcomes can guide you in selecting and designing language activities at CLB 6–8 that support financial literacy.

The activities included in this section are intended to support the outcomes below.

Sample Financial Literacy Outcomes	Sample Language and Numeracy Outcomes
<p>Understanding and knowledge</p> <ul style="list-style-type: none"> • Understand format and content of common remuneration forms (pay slip, T4 slip) • Understand financial implications of common employment and pay arrangements • Become aware of fraudulent employment schemes • Become aware of various options for starting one's own business • Understand the processes and concepts involved in starting a business, including financing options <p>Application</p> <ul style="list-style-type: none"> • Compare different forms of remuneration and their benefits in relation to one's own situation • Identify job characteristics and factors that can be negotiated • Use negotiating strategies to obtain desired employment conditions • Identify fraudulent job advertisements or job offers • Access and locate resources appropriate for an entrepreneur 	<ul style="list-style-type: none"> • Understand an extended presentation about pay slips and deductions • Research, organize, summarize and present information about labour laws and employees' rights • Give opinions about the relative importance of factors related to employment • Describe the skills one needs to be a successful negotiator • Demonstrate understanding of a variety of illegitimate employment schemes • Research and present detailed information about an occupation, including employment conditions and salary • Demonstrate comprehension of the gist, factual details and some implied meanings in a text about starting a business

When planning a lesson or series of lessons, you can use the listed outcomes as they are or develop your own based on the needs and interests of the learners in your class. For ideas and strategies for conducting a needs assessment, see the *Instructor Guide*.

Background Information and Key Language Elements

You can use the background information to familiarize yourself with key information about getting paid and negotiating pay. For sources of more information on this topic or related classroom resources, please see the *Useful Websites* section.

The sidebar below lists major language elements that you may want to introduce or review to support the thematic content of the activities.

Getting Paid

For newcomers to Canada, understanding how much one's take-home pay will be is challenging. In addition to knowing about labour laws regarding minimum wage and overtime pay, new employees need to understand and verify the information on their pay stubs. Deductions such as those for income tax, Canada Pension Plan (CPP) and Employment Insurance (EI), union dues, health benefits and employer pensions may be unfamiliar. Many newly employed people are shocked to discover that their net pay is much smaller than expected. It is important to understand what the deductions are for and what benefits they will provide for the employee, now and in the future.

While it may seem desirable or convenient to be paid in cash, learners should be advised that unscrupulous employers may choose this method of payment in order to avoid paying the employer's portion of CPP and EI contributions. If these payments are not made to the government, the employee will not be eligible for CPP or EI benefits. If an employer pays in cash, a pay stub must still be issued. The employee can then confirm that income tax, CPP and EI deductions have been made.

Newcomers are particularly vulnerable to employment schemes and scams that can cost a great deal of money without providing any income. Learners should be warned about advertising that promises a high salary in return for a relatively simple job, and positions that require payment upfront for training or other costs. The vast majority of such schemes do not provide real jobs.

Starting a Business

Many newcomers to Canada dream of starting a business, and may be interested in learning about different types of business opportunities, such as starting a franchise, buying an existing business or starting a new business. Those who are interested in starting a business will need to know the steps to take, including the importance of a good business plan. There are several useful business start-up resources available in Ontario, such as the Small Business Enterprise Centres located in communities across the province. Newcomers may also want to know what kind of financial assistance programs are available to help someone start their own business.

Key vocabulary and collocations

freelance job
entrepreneur
commission
gratuities
apprenticeship
profit sharing
stock option
annual salary
pay rate
pay period
hourly rate
remuneration
earnings
fringe benefits
employment scam
scheme
illegitimate
bogus
phoney
business plan
market research
marketing strategy
financing

Proper names, abbreviations and acronyms

EI
CPP
CBO
RRSP
YTD

Related skills and strategies

skimming long texts
scanning web pages

The objective of this series of activities is to familiarize learners with some of the terms and concepts related to remuneration. The activities provide practice in vocabulary use, listening and speaking. These activities are generally appropriate for learners at CLB 6 and higher.

Targeted financial literacy outcomes

The activities in this section and the activity ideas in the teaching notes will help learners achieve the following financial literacy outcomes:

- Understand format and content of remuneration forms (pay slip, T4 slip)
- Compare different forms of remuneration and their benefits in relation to own situation

Corresponding CLB competencies

- 🗣️ CLB 6, 7: Understand descriptive or narrative monologues or presentations on generally familiar and relevant topics (CLB 6); understand extended descriptive or narrative monologues or presentations about personal experiences, general knowledge or familiar work-related topics ... (CLB 7, 8).
- 🗣️ CLB 6, 7: Participate in a small group discussion on non-personal familiar topics and issues: express opinions ... reservations, approval and disapproval (CLB 7).
- 📖 CLB 6–8: Interpret information contained in formatted texts (CLB 6) or moderately complex formatted texts (CLB 7, 8).
- 📖 CLB 6, 7: Access, locate and compare (CLB 6) or integrate (CLB 7) ... information from online reference sources.

Procedures

A. This warm-up activity introduces some categories of jobs and ways of getting paid. Learners can work in pairs or small groups. Take up the discussion questions as a class.

B. Have learners discuss which jobs might offer any of these forms of remuneration, e.g., *freelance job—graphic designer; travel allowance—sales or marketing jobs*.

Extend the activity: Learners can discuss which of these forms of pay are advantageous; they can rank them in order of importance. Other possible remuneration benefits include reimbursement for education expenses, benefits for a spouse, stock option purchase, and different types of insurance: disability, life, dental, medical, paid provincial medical premiums.

Answers:

1. full-time position 2. freelance job 3. job with gratuities 4. profit-sharing plan 5. to work on commission 6. vacation pay 7. annual salary 8. hourly rate 9. statutory holidays 10. travel allowance

C. This quiz reviews/introduces some important information about Ontario employment laws; learners may complete the quiz and check their answers on the Ontario Ministry of Labour website:

Ontario Ministry of Labour website: <https://www.labour.gov.on.ca> > Employment Standards > Publications > Brochures > Your Rights At Work

Answers:

1. true 2. false 3. false 4. true 5. true 6. false 7. true 8. true 9. false 10. false

D. The purpose of this activity is to provide practice in reading formatted text (e.g., a pay slip) and introduce some

Getting Paid

information about pay deductions in preparation for the next activity. Learners complete the list with the words/expressions they locate on the pay slip. In addition to the vocabulary practice, you can ask some comprehension questions, e.g., *What period of time is the pay for? What deductions are there?*

Answers:

1. pay period 2. pay date 3. net pay 4. gross pay 5. deductions 6. overtime 7. YTD 8. income tax 9. EI
10. CPP 11. RRSP

E. This exercise may be appropriate for CLB 6 learners; use it as a review of the vocabulary they have just learned. Some words may not have occurred in the pay slip, but learners should be able to complete the sentences.

Answers:

1. overtime pay 2. SIN 3. deposit 4. net pay 5. pay period 6. CPP 7. YTD 8. RRSP 9. gross pay
10. deductions 11. EI 12. income tax

F. This listening activity is appropriate for learners at CLB 7 and 8. With learners at CLB 6, you could use the transcript as a reading text. Learners can compare their notes in pairs before completing the writing task.

Transcript:

Your pay slip may be confusing. The first thing you'll probably notice is that your take-home pay, or net pay, is usually quite a bit less than your gross pay. This is because your gross pay will usually have deductions for items such as:

- income tax
- Employment Insurance (EI)
- Canada Pension Plan (CPP) or Quebec Pension Plan (QPP)

Depending on your employer, there may also be other deductions, such as for:

- payments you make for employee benefits
- your contributions to a company savings or pension plan
- union or other professional dues

Your gross pay may include commissions, bonuses, and vacation or overtime pay if you are eligible for these.

Your net pay is the amount of money you get after taxes and other payroll deductions. This will be the amount deposited to your bank account or written on your paycheque.

Most pay slips will show your gross pay, itemized deductions and net pay.

A big part of your payroll deductions will go toward paying income tax. Your employer takes money out of your gross pay to send directly to the federal government and your provincial or territorial government. In Québec, the provincial tax will be listed as a separate deduction on your pay slip. Elsewhere in Canada, there will be a single combined deduction for provincial/territorial and federal income tax.

Getting Paid

When you start a new job, you'll need to fill out a form called the TD1 Personal Tax Credits Return. Your employer uses this form to determine how much money must be deducted from your regular paycheck for taxes, EI, and CPP or QPP.

The amount of money withheld is based on the non-refundable tax credits to which you may be entitled. Most people can claim the basic personal amount, but you may also be entitled to claim the spousal amount, the amount for dependent children, and tuition and education amounts. It is important to fill the form out correctly so that you don't pay more than you have to.

Each year, your employer must send you a T4 slip. The T4 slip gives you a summary of your pay and all the deductions taken from it in the previous year.

You could also consider filling out a T1213 Request to Reduce Tax Deductions at Source form if you have other significant tax-deductible expenses, such as Registered Retirement Savings Plan (RRSP) contributions or child care expenses. By reducing your withholdings at source, you increase your net take-home pay with every paycheck.

For more information on this topic, visit the Canada Revenue Agency website at www.cra.gc.ca.

Source: FCAC <http://www.fcac-acfc.gc.ca> > For Consumers > Choose a Life Event > Starting your First Job > Payroll Deductions: Where Does It All Go?

G. This is an Internet-based research activity that can also be assigned as an independent learning task. Learners can work in pairs or small groups, pooling the information they recorded in their notes. Then, they gather in groups of four, where each learner researches a different topic and presents his or her information. You may need to review/teach note-taking strategies and techniques. Learners can access both listening and reading texts with thorough information on the topics at the following website:

Ontario Ministry of Labour: <https://www.labour.gov.on.ca> > Podcasts > Podcast Archive; select one of the topics from the list, choose a transcript or save as an iTunes file.

Beyond the classroom: Learners can research various occupations and the forms of remuneration they receive.

A. Below are different arrangements for work. Discuss how the ways in which an employee gets paid may vary. Give examples of jobs for each category. Then, discuss the questions that follow.

permanent full-time position	job with gratuities
contract job	work on commission
freelance job (self-employed)	apprenticeship
part-time job	seasonal job

1. How do employees get paid in the country you come from?
2. What do you know about how employees get paid in Canada?
3. Which type of work is the most financially advantageous for an employee? Which one is the most beneficial for an employer? Explain.
4. Are you familiar with a typical pay slip? What information does it include?

B. Match the words so they form collocations relating to different ways of getting paid. Discuss the meaning of each of the items below and the types of jobs they may be associated with. Add more items to the list.

profit	gratuities	commission	full-time	travel
freelance	vacation	holidays	annual	hourly


1. _____ position
2. _____ job
3. job with _____
4. _____ sharing plan
5. to work on _____
6. _____ pay
7. _____ salary
8. _____ rate
9. statutory _____
10. _____ allowance

C. Complete the quiz below and discuss answers with a partner.**HOW MUCH DO YOU KNOW ABOUT GETTING PAID IN ONTARIO?**

Test your knowledge

1. Minimum standards for pay, hours worked and time off are regulated by a provincial law.
a. true b. false
2. If you're employed full-time or part-time, you can be paid in any form and at any time your employer chooses.
a. true b. false
3. The minimum wage (the lowest hourly rate an employer can pay an employee) in Ontario is the same for all types of jobs.
a. true b. false
4. A general minimum wage rate in Ontario is \$10.25.
a. true b. false
5. An employee's pay stub must include all deductions made by an employer.
a. true b. false
6. Overtime is payable after 40 hours of work each week.
a. true b. false
7. You've worked 5 hours of overtime. You should be compensated at least 1.5 times your normal hourly rate.
a. true b. false
8. An employee is entitled to be paid at least four percent of his/her total wages earned as vacation pay.
a. true b. false
9. If the employee's job is terminated after three months of continuous work, an employer has to pay him/her termination pay.
a. true b. false
10. There are 10 statutory holidays in Ontario.
a. true b. false

D. Read the pay stub below. Then, complete the list of terms and explanations.

			EMPLOYEE	Tony Wong			
			S.I.N.	087-654-321			
			PAY PERIOD	June 5, 2012 – June 18, 2012			
			PAY DATE	June 24, 2012			
			CHEQUE NUMBER	0007			
			NET PAY	\$440.22			
GROSS EARNINGS			DEDUCTIONS			OTHER DEDUCTIONS	
Description	Hours	Amount	Description	Current	YTD	Description	Amount
REGULAR	40	480.00	INCOME TAX	88.20	828.00	RRSP	20.00
OVERTIME	6	108.00	EI	10.47	98.25		
CURRENT		588.00	CPP	29.11	273.24		
YTD		5,520.00					

- | Word or phrase | Meaning |
|----------------|--|
| 1. _____ | A recurring length of time over which employee time is recorded and paid, for instance weekly or bi-weekly |
| 2. _____ | The date you receive your pay from the employer |
| 3. _____ | The amount remaining after deductions from your gross earnings, such as income tax, EI and CPP |
| 4. _____ | The total amount you earn each pay period, including regular and overtime pay |
| 5. _____ | The amount your employer withholds from your earnings, typically including income tax, EI and CPP |
| 6. _____ | Hours that you work in excess of 44 hours per week; you receive 1.5 times your normal pay rate per hour |
| 7. _____ | Year To Date (the total amounts of your earnings and deductions, up to pay date on your pay stub) |
| 8. _____ | A deduction worth 15 percent of your gross earnings on taxable income less than or equal to \$41,544 |
| 9. _____ | Employment Insurance—a deduction worth 1.78 percent of your gross earnings |
| 10. _____ | Canada Pension Plan—a deduction worth 4.95 percent of your gross earnings |
| 11. _____ | Registered Retirement Savings Plan |

E. Complete the sentences below with the correct words.

1. Tony worked some extra hours last week, so he received _____.
2. When you start a new job, you must give your employer your _____.
3. Last Thursday, I checked my bank account and noticed the _____ for my most recent paycheck.
4. My employer had deducted some amounts from my gross earnings, so the amount I received was my _____.
5. Many Canadian employers pay bi-weekly, so each _____ is two weeks long.
6. Your deductions for _____ will be helpful later on when you retire—the government will send you some money each month.
7. If you want to know what you've earned so far this year, just look at the _____ box on your pay stub.
8. Your employer can help you save money for retirement by making a deduction for _____.
9. To calculate my _____, I multiplied my number of hours worked by my hourly rate.
10. The mandatory _____ on a pay stub are for income tax, EI and CPP.
11. If you lose your job, _____ will pay you a limited amount while you look for a new job.
12. The largest deduction on a pay stub is for _____.

F. 🎧 Listen to a talk about pay deductions. Complete the notes below with the missing information. Then, write a summary of the talk.*Deduction items:*

-

-

-

Other possible deductions:

-

-

-

*Gross pay:**Net pay:*

Income tax:

TDI Personal Tax Credit Return:

T 4 slip:

T1213 Request to Reduce Tax Deductions at Source:

G. ⓘ Research one of the topics below on the website of the Ontario Ministry of Labour (or the province you live in). Take notes of key details about employees' rights and present the researched information to your classmates.

Suggested search term: *Ontario Employment Standards, my rights at work*



Hours of work and rest periods; minimum wage; payday; pay stub

Vacation time and pay; overtime pay; public holiday pay

Termination notice and pay; severance pay

Pregnancy and parental leave; personal emergency leave; family medical leave

The objective of this series of activities is to familiarize learners with salary negotiating strategies and provide practice in this area. The activities provide practice in reading and speaking, and are generally appropriate for learners at CLB 7 and 8; they can be adapted for learners at CLB 6.

Targeted financial literacy outcomes

The activities in this section and the activity ideas in the teaching notes will help learners achieve the following financial literacy outcomes:

- identify job characteristics and factors that can be negotiated
- use negotiating strategies to obtain the desired employment conditions

Corresponding CLB competencies

- 🗣️ CLB 6, 7: Participate in a small group discussion on non-personal familiar topics and issues: express opinions ... reservations, approval and disapproval (CLB 7).
- 🗣️ CLB 8: Propose or recommend solutions to problems in a familiar area.
- 📖 CLB 6–8: Get information from moderately complex business/service texts containing advice ... or detailed specifications (CLB 6), assessments, evaluations and advice (CLB 7), ... recommendations and statements of rules, regulations or policies (CLB 8).
- 📖 CLB 6, 7: Access, locate and compare (CLB 6) or integrate (CLB 7) ... information from online reference sources.
- ✂️ CLB 6–8: Reduce a page of information to an outline or summary (CLB 6); reduce a text of up to about 2 pages to an outline or summary (CLB 7, 8).
- ✂️ CLB 6–8: Write business or service correspondence for routine purposes (CLB 6), for a range of routine and less routine purposes (CLB 7), or for an expanding range of purposes (CLB 8).

Procedures

A. This warm-up activity introduces different aspects of employment that may determine someone's choices when accepting a job. Have learners work individually first to mark their three top choices; then, learners can discuss their choices in groups or pairs. Take up with the whole class.

B. These discussion questions ask learners to consider negotiating as one of the steps in the process of accepting a job. Discuss in what situations negotiating is appropriate (e.g., sale/purchase, service contract, business contract). Discuss how negotiating a salary is perceived in different cultures.

C, D and E. This authentic article presents some negotiating strategies and factors to consider. Have learners work on the vocabulary items in Part C using dictionaries; learners can later locate the words in the text and explain the meanings.

F. This is another exercise focusing on reading comprehension. Learners can paraphrase the sentences orally first, explaining their meanings. Then they can write the sentences, using different structures but keeping the original meanings.

H. This activity prepares learners for a negotiation simulation in Part J. Learners can work in pairs. List possible scripts and discuss the tone, degree of formality, appropriateness and possibility of misunderstanding.

I. In this Internet-based research activity, learners locate information about the occupation of their choice: remuneration, characteristics of employment, what could possibly be negotiated. Have learners present their choices to the class.

Negotiating Your Pay

J. This is a role-play activity where the learners use the language and information gathered in parts H and I. Learners can present their role plays to the class.

K. This is a follow-up writing task. Discuss/pre-teach aspects of email writing such as tone, register, format and style. Have learners peer edit their writing.

Beyond the classroom: Learners can search for more information about negotiating job offers; they can also research specific job benefits they are interested in, e.g., profit sharing, education expense reimbursement, etc.

A. Read a list of factors that you might consider when deciding about the choice of employment. Rate them in order of importance and add your own if needed. Then, in pairs and small groups, present and discuss your choices.

Job:

- duties and responsibilities
- how they relate to your abilities
- how this job relates to your future goals
- what experience you will gain
- training offered (inside and outside of company)
- overtime or travel it may require

Company/organization:

- type of industry, private sector vs. government
- size and place in the market
- facilities and working conditions

Earnings:

- starting salary and potential for growth
- benefits (e.g., health and dental plan, employer pension plan, travel/car allowance)

Opportunities for advancement:

- length of probation period
- opportunities for promotion (to what level)
- performance and salary review criteria

Workplace culture:

- core values of the organization
- management style and policies

Community/Location:

- distance to commute, convenience
- environment, geographic area

Other:

B. In pairs or small groups, discuss answers to the questions.

1. For a job seeker, how important a consideration should salary be? Explain.
2. How can you research the “market value” for the position you’re applying for? Give examples.
3. When is negotiating a salary at the job offer stage appropriate?
4. In your opinion, what specific skills does a good negotiator have?
5. If you were at a job interview and you were offered a salary that was far below your expectations, would you try to negotiate the amount? Why? What would you say?

C. Explain what the following words/expressions mean.

to land a job	premature	to feel pressure	to showcase
apprehensive	to persist	to insist on	incentive
unreasonable	bottom line	astute	high stakes
tactics	fringe benefits	to commit	to put in perspective

D. Read the article below.**TOP 10 TIPS FOR SALARY NEGOTIATIONS****Learn how to get the salary you deserve***By Alan Kearns*

It is the night before your final interview for your dream job. Despite your excitement about landing that ideal position, you are apprehensive because you know it’s time to talk about that dreaded topic—salary expectations.



Many people struggle when trying to obtain a salary they deserve and one that accommodates their lifestyle. They worry about appearing unreasonable and greedy or, worse, they don’t want to lose the job to someone who is more “affordable.” They often forget that for the employer, yours is only one of many negotiations for services and products they depend on. Most employers see it as a matter of professional debate—so should you.

In our competitive economy, savvy negotiating skills are often prized. This will be your first opportunity to show you can take and hold a well-informed position in a professional environment. Here are 10 tips for strong salary negotiations:

1. Don’t name a figure until the employer has made it clear that you’re the choice candidate. Interviews are your only real opportunity to demonstrate your value to the employer. Having a salary discussion too early can distract both you and the employer from learning more about each other. If the employer presses, see Tip #2.

2. Avoid mentioning a figure first. If the discussion is going towards salary, try to get the employer to mention a figure first. If presented with: “What salary do you expect?” A good response is: “You likely have a figure in mind that fits the responsibilities and requirements of the job. I would be interested in knowing what that figure is.”

If you're not yet sure that you'll be offered the job and the employer asks for a figure, try to delay an answer by using one of these tactics:

- If the employer seems agreeable, reply with: "I would like to wait until you're sure I am the best candidate for this position. Until then I think a discussion of salary is premature." This usually works.
- If the employer persists, offer a narrow salary range you'd be comfortable with (see Tip #3).
- Finally, if the employer really wants a specific number, recognize you are making a very real commitment to that number and you had better be sure you can live with that salary (see Tip #4).

3. Do your research. Try to find out what people in your field, and in that particular organization, earn. Resources could include current employees, online salary calculators, the websites and directories of professional associations, government reports and business and industry-specific trade magazines. If you can afford to, you can also hire a salary expert.

4. Know your bottom line. What is the minimum salary you would accept? Before investing too much time and energy on landing the job, figure out if your needs won't be met by the salary offered.

5. Don't forget the benefits. The negotiation isn't finished until you have discussed fringe benefits (holidays, insurance, pension). These "job perks" can add the equivalent of 15 to 28 percent to your salary. Before discussing benefits, you should figure out what you need in medical, dental, and vision plans, sick leave, holidays and vacations. As well, you should discuss the company's policy on acquiring future raises. Finally, you should get all of these details summarized in writing as a letter of agreement or an employment contract. Make sure to take personal notes and document the results of your negotiations to check against the final contract.

6. Back up your "reasons." As I mentioned above, this is an opportunity to show you can carry your weight in a negotiation. Part of that includes justifying your position based on the evidence you've been able to gather about the salary you should receive. As well, demonstrate your value by using your résumé to point out quantified benefits you brought to previous employers.

7. Be willing to walk away. It's easy to convince yourself that there is only one "dream job." The truth is that many of the most desirable aspects of work (great colleagues, flexible hours, interesting work environment) can be found within a broad range of opportunities. If you feel pressure to accept conditions you won't want to live with in the future, it's perfectly fine to withdraw from the interview process.

8. Don't revisit agreed upon points. Again, this is a chance to prove you're a strong negotiator. Revisiting points you've agreed to suggests you aren't able to keep to your word. If the employer insists on revisiting points she's agreed to, it suggests her negotiation has been less than sincere.

9. Use your instincts. Interviews take place on many levels. Questions can be complicated and have multiple intentions. Astute interviewers will observe body language and tone of voice as well as the answers you give. When deep in the complexities of the final negotiation, trust your instincts (and your research).

10. Don't rush! At the end of the negotiation you may feel pressured to commit. Take a day to consider your options and make a decision you're comfortable with.

Having to negotiate is difficult. For many, simply recognizing the nature of the discussion is helpful. Recognize that this is an opportunity for you to showcase your value to the company. Also, accept the fact that the employer has the incentive to hire you for as low a salary as possible and will seek justification for every dollar you are seeking.

When put in perspective, the negotiation is a great opportunity for you to show that you can remain professional and clear-minded in a high stakes environment. Plus, if you're successful, your pre-negotiation preparation could be the best investment you will ever make. So use these negotiation techniques and get the salary you really deserve.

Reprinted from Canadian Living .com. Retrieved from: http://www.canadianliving.com/life/work/top_10_tips_for_salary_negotiations_2.php.

E. Answer the questions below using the information from the article.

1. Why can negotiating a salary be perceived well by a potential employer?
2. What tactics can be used to avoid naming a specific figure too early?
3. Why should a job seeker research salary information? Where can he/she do it?
4. What elements of remuneration should be negotiated?
5. Under what circumstances would it be a good idea to walk away from the negotiation?
6. Why is it not advisable to revisit salary conditions once agreed to?
7. What other advice, not mentioned in the article, could be given to someone negotiating a salary?

F. Explain what the following sentences from the article mean.

1. For the employer, yours is only one of many negotiations for services and products they depend on.

2. Savvy negotiating skills are often prized.

3. Don't name a figure until the employer has made it clear that you are the choice candidate.

4. As well, you should discuss the company's policy on acquiring future raises.

5. This is an opportunity to show you can carry your weight in a negotiation.

6. At the end of the negotiation you may feel pressured to commit.

G. Read the article again and discuss which pieces of advice are most valuable to you. Then, write a point-form summary of the most important advice from the article.

H. For each situation below, develop a script of what you would say.

Example:

Respond to the employer's suggestion of the salary that is inadequate to you.

I really like what you've told me about the job and I believe I have the qualifications you're looking for. However, the salary offer is lower than I expected. I was thinking more in the range of -----.

1. Ask if there is flexibility in the salary offer.
2. Give examples of your accomplishments to demonstrate to the employer why you are worth what you're asking for.
3. Express your enthusiasm about the job.
4. The employer won't negotiate the salary and you still want the job. Ask for other compensation.
5. Express your appreciation for the offer that you accept.
6. Request confirmation of the salary offer in writing.
7. Express your appreciation for an offer that you don't accept.

I. ① Conduct research and find the following information about an occupation of your choice. Compare income information from different sources (e.g., job ads, recruitment agency, Ontario Job Futures website, salary search tool). Present your findings to the class.

Occupation	Characteristics of employment	Average annual income

J. In pairs, role-play a salary negotiation for a job you've researched. Use techniques described in the article and scripts you've developed in part F.

K. Write a follow-up email after a negotiation in which you didn't accept the salary offer. Include the following:

express your appreciation for the offer

keep the door open for future possibilities

stay positive and professional

Teaching Notes | Employment Scams

The objective of this series of activities is to familiarize learners with common employment scams.. The activities provide practice in reading and writing. These activities are generally appropriate for learners at CLB 6; they can be adapted for learners at CLB 7.

Targeted financial literacy outcomes

The activities in this section and the activity ideas in the teaching notes will help learners achieve the following financial literacy outcomes:

- identify fraudulent job advertisements or job offers

Corresponding CLB competencies

- 📖 CLB 6, 7: Get information from moderately complex business/service texts containing advice ... or detailed specifications (CLB 6), assessments, evaluations and advice (CLB 7).
- 📖 CLB 6, 7: Access, locate and compare (CLB 6) or integrate (CLB 7) ... information from online reference sources.
- ✍️ CLB 6, 7: Write 1 or 2 (CLB 6), or 2 or 3 (CLB 7) connected paragraphs to relate a familiar sequence of events, a detailed description ... or a procedure.

Procedures

A. This warm-up activity introduces the topic of employment scams. You can ask learners to search for examples of fraudulent or suspicious ads in print or online. Discuss the red flags.

B. This vocabulary exercise prepares learners for reading the text. Learners can also write sentences to illustrate the meanings of the words.

Answers:

1. i 2. g 3. f 4. h 5. j 6. a 7. b 8. d 9. c 10. e

C. This task focuses on general comprehension of the text. Learners can complete it in pairs or individually. After that, have learners read each section carefully and retell each scam. You can also ask learners to work in groups of five. Assign one section to each learner and have them retell the key information in their groups.

D. In this writing task, learners describe one employment scam of their choice. You may need to pre-teach paragraph writing (parts of a paragraph, linking devices, etc.). Have learners peer edit each other's work in pairs.

Beyond the classroom: Learners can conduct Internet-based research and locate descriptions or examples of other employment scams. Possible search terms: *employment scams, fraudulent job ads, how to avoid getting scammed—employment, illegitimate job offers.*

A. Answer the questions below.

1. Have you ever seen or read illegitimate job offers? What jobs did they advertise?
2. What are some possible warning signs of an illegitimate job ad?

B. Match the words with their meanings.

- | | |
|--|--|
| 1. ____ legitimate | a. something used to attract someone |
| 2. ____ substantial | b. one who does “third-party” contract work |
| 3. ____ contractor | c. to persuade someone to do something |
| 4. ____ certification | d. another company, separate from the main company |
| 5. ____ the fine print | e. to check someone’s background to be certain they are trustworthy and capable of doing the job |
| 6. ____ bait | f. one who works independently; not a regular employee |
| 7. ____ sub-contractor | g. large (esp. about amount) |
| 8. ____ separate entity | h. an official document saying one is qualified to do the work |
| 9. ____ to rope someone into something | i. true, honest |
| 10. ____ to screen someone | j. the most important information in a contract |

C. Read the text that follows. Match the headings below with appropriate sections of the text.

1. *Bogus Business Opportunities*
2. *“We Have a Job for You”*
3. *“Make Big Profits Working at Home”*
4. *“Job Training — Job Guaranteed”*
5. *Phoney Employment Agency*

- a.

Look out for ads promoting job training that claim to guarantee employment and high starting salaries with the same company that offers the training. Often this ‘training’ does not lead to employment and legitimate employers may not recognize the certification.
- b.

Fake employment agencies contact people who may have posted their résumés online or with a job-search engine. Job hunters are invited to interviews and promised employment with substantial annual salaries. They are then pressured to sign a contract and asked to pay an administration fee for the job placement service. The victims might never hear from the company again, or they will be given a list of referral companies that have never heard of the phoney agency and have no work to offer. Complaints will be dismissed with a referral to ‘the fine print’ in their contract, which says employment is not guaranteed.
- c.

Companies that advertise specialized business opportunities, such as office cleaning, will promise clients contracts in exchange for an ‘investment’ fee of several thousand dollars. The paperwork suggests that the individual is a ‘partner’ or ‘sub-contractor’ and they may even be encouraged to register their own business as a separate entity from the company. The company guarantees a certain number of clients within a specific time frame or the investment fee will be refunded. The company ultimately fails to refer the promised number of clients and never delivers the refund.
- d.

Big profits are highly unlikely. Ads like these are designed to rope people into low-paying work like stuffing envelopes or turning out cheap handicraft products. Or they may ask you to pay in advance for working materials. When they arrive, you find you paid much more than the materials are worth.
- e.

Beware of calls from so-called employment agencies telling you they have been asked by an employer to “screen” you for a particular job. After getting you to pay a hefty administration fee, they send you to see someone who has no work to offer and has never heard of the agency. They then point to fine print in their contract, which says jobs aren’t guaranteed after all. In other cases, the offer of a non-existent job is used as bait to get you into their office. Once there, you are pressured to sign up for job-finding services. Payment is in advance, of course.

Source: *Popular Employment Schemes*. Ontario Ministry of Consumer Services. Copyright Queen’s Printer for Ontario, 2008. Retrieved from http://www.sse.gov.on.ca/mcs/en/Pages/Scams_Employment_Schemes.aspx.

D. Select one of the scams and write an email to a job seeker warning him/her about it. Give details of the following:

- how the scheme lures the potential victim
- what the scheme promises
- how it really works
- what can you do to avoid being scammed

Teaching Notes | Starting Your Own Business

The objective of this series of activities is to familiarize learners with some of the concepts and resources related to starting your own business. The activities provide practice in reading and speaking. These activities are generally appropriate for learners at CLB 6–8.

Targeted financial literacy outcomes

The activities in this section and the activity ideas in the teaching notes will help learners achieve the following financial literacy outcomes:

- Understand the process and concepts involved in starting a business
- Identify resources appropriate for an entrepreneur

Corresponding CLB competencies

- 👂 CLB 6: Demonstrate comprehension of details and speaker's purpose in suggestions, advice, encouragement
- 📖 CLB 6, 7: Get information from moderately complex business/service texts containing advice ... or detailed specifications (CLB 6), assessments, evaluations and advice (CLB 7) ... recommendations (CLB 8).
- 📖 CLB 6, 7: Access, locate and compare (CLB 6) or integrate (CLB 7) ... information from online reference sources.
- ✂ CLB 6, 7: Reduce a text of up to a page (CLB 6) or about 2 pages (CLB 7) to an outline or a summary.

Procedures

A. This is a warm-up activity to introduce the topic. Ask learners to share their own experiences with (and possibly plans related to) starting their own businesses.

B. This listening text provides background information on starting a business. You may need to preteach/review note-taking strategies (e.g., using symbols and abbreviations, using point form, etc.). Learners can retell the information they took notes from.

Transcript:

Many people start a small business in order to enjoy the independence of being their own boss, using their own ideas, or exploring a new challenge. Before you start, evaluate your ideas and learn about the resources you will need in order to make the business a success.

The Idea

If you are trying to decide what kind of business to start, consider your hobbies and interests, as well as your experience and background. If you already have a business idea, ensure there is a need for the product/service you are going to offer and that you are equipped to handle customer demand.

The Plan

A strong business plan is an essential part of starting and running a business. It describes your business, its objectives and strategies, the market you are targeting and your financial forecast. A business plan helps you set goals, secure funding, clarify operational requirements and establish reasonable funding forecasts.

Writing a plan will also help you focus on how to operate your new business and give it the best chance for success. Ask yourself the following questions:

- Who are my customers?
- How am I going to reach my customers?
- Who is my competition?
- How am I going to price my product or service?

Starting Your Own Business

The Process

Understanding the requirements for starting a business can make the difference between success and failure. Be aware of your responsibilities as a business owner, including:

- licenses
- permits
- registration
- employment standards
- taxes

Source: Starting a Business. CanadaBusinessOntario. Retrieved from: <http://www.cbo-eco.ca/en/index.cfm/business-basics/starting-a-business/>.

C. These are follow-up questions to the listening text. Have learners work on Question 3 in pairs or groups of three. They can create a poster to accompany their oral presentation of the business idea of their choice.

D. This is a jigsaw reading activity. Learners work in groups of three. First, they work with other learners who have the same section of the text assigned to them. They explain the vocabulary and prepare a summary. Then, learners regroup and, in groups of three, present the summary of their section. They also take notes of summaries presented by other members of their group. For each section, learners can take notes of the following:

What element of a business is the section about? What does it involve?

What information about it would someone starting a business need?

E–G. This series of activities is about the resources available to anyone who wants to start their own business in Ontario. Learners at CLB 6 and 7 can complete the vocabulary practice and question formation exercise; learners at CLB 8 could proceed to Part H, the research activity.

H. This task can also be assigned as an independent learning assignment. Its purpose is to inform learners about the content and format of some of the online resources; learners don't need to read the detailed information, but rather get a general sense of where they could go to find it. Ask learners to scan the web pages and take notes of menus and listings of available texts, tools, videos or podcasts. Learners can compile their results and create a directory of resources for the class.

Beyond the classroom: Learners can contact some of the places that provide information and/or assistance in starting a business and obtain information of interest to them.

A. Discuss answers to the questions below.

1. What are the advantages of running your own business versus being employed?
2. What are the challenges and risks involved in operating your own business?
3. What qualities make an entrepreneur? Make a list and support it with examples.
4. Think about what is involved in starting a small business. What things would you need to consider when setting up the business? Make a list and compare in small groups.

B. 🎧 Listen to a talk about starting a business. Take notes of the key information. Compare your notes with a partner.

Starting a business:

The idea:

The plan:

Questions to ask:

-

-

-

-

The process:

-

-

-

-

-

C. Answer the questions.

1. Which of the three elements of starting a business is the most challenging? Why?
2. What are the other elements of starting a business not mentioned in the text?
3. Imagine you want to start a business. Come up with an idea and a general plan, as discussed in the article. Consider possible customers, products or services, a marketing strategy and pricing. Present your business idea to the class.

D. STUDENT A: Read your assigned text and take notes the main ideas and key details to summarize the text. Present the information to your group.**BUSINESS PLANNING**

Every year, thousands of people start businesses in Ontario, but those with a solid plan are more likely to succeed. Why is a business plan so important? Your business plan is a tool that not only helps you structure your business, but also establishes a framework for its growth and helps you identify long-term goals. Your business plan describes your business, its objectives and strategies; it describes the market you're targeting and your financial forecast. Ask yourself: Who are my customers? How am I going to reach them? Who is my competition? How am I going to price my product or service? If you're starting a new business, and are looking for financing, your business plan is an essential part of your proposal. For possible investors, it's the document that sells your idea, demonstrates its potential, and is the blueprint of how you can make it work over the long haul. A business plan can help you measure the value of your business and provide you with strategies on how to deal with the unexpected. The plan will also help guide you through positive aspects of your business, such as opening a new location, hiring staff or keeping up with demand.

- Your business plan should include:
 - a brief summary of your plan
 - a description of your business idea
 - your marketing and sales strategy
 - details on how your business will operate, including:
 - human resources
 - financial forecasts

If you're working on a business plan, or are thinking of updating one, Canada Business Ontario (CBO) can help. CBO is your business information connection, and provides information on topics such as:

- government programs
- market research
- financing
- regulations
- taxation
- hiring
- setting up payrolls
- importing and exporting

CBO can provide you with templates and examples of current business plans as well as other helpful resources that can assist you in developing a business plan.

Source: Business Planning, videos. Canada Business Ontario. http://www.cbo-eco.ca/en/videos.cfm?v=business_planning&play=0.

D. STUDENT B: Read your assigned text and take notes of the main ideas and key details to summarize the text. Present the information to your group.

FINANCING

Financing is essential to the viability of any business. It is what you need to set up and operate your business. Once your business is established, financing can help you grow. You may need financing to buy equipment and supplies, to hire staff or pay overhead costs. Having working capital will also allow you to take advantage of opportunities that may come up. Financing for your business can come from many sources: from personal lines of credit, banks, investors, community futures development corporations or small business financing programs. There are many possibilities out there, so it pays to do some research. The best place to start is by understanding the different types of financing to determine which one is right for you.

Through Canada Business Ontario (CBO), you have access to a comprehensive database of all federal and provincial programs available to small businesses. For example, the Canada Small Business financing program can help you access funds for your business. If you're interested in hiring an employee for your business, CBO can help you find federal and provincial wage subsidies that may be available to you. If you're looking for students in particular, call to find out more about the small business internship program. All this information is provided to you at no cost. Popular topics are available in over 10 languages and the information is easy to access.

Source: Business Planning, videos. Canada Business Ontario. http://www.cbo-eco.ca/en/videos.cfm?v=business_planning&play=0.



STUDENT C: Read your assigned text and take notes of the main ideas and key details to summarize the text. Present the information to your group.

MARKET RESEARCH

How well do you know your industry? What do you know about your potential customers? Who is your competition? What are the trends that are driving your business? Market research is information about the type of market your business operates in, or is about to enter. It can help you get accurate information about your customers or competitors, which is a critical part of starting or expanding your business.

Before you start, set clear goals for your market research. Define what you need to know and why. Finding the information you need can be difficult, but Canada Business Ontario (CBO) can help. Take advantage of its specialized market research services at no cost. CBO can help you research information such as:

- Knowing potential customers—their spending habits, income levels and where they live.
- Canadian demographics and consumer spending data.
- Identifying your potential competitors: 1 who they are, where they are located, and the approximate sizes of their operations.
- Finding suppliers, manufacturers and distributors.
- Locating industry associations to help you connect with others in your industry.
- Information on the best location to open your business.
- How to price and advertise your products or services.
- International trade data, importing and exporting.

Good market research can help your business succeed, and when you're looking for the answers, CBO is the place to go. So how does it work?

All you need to do is visit the website or call the business information line to speak with a CBO business information officer. Information officers can help you put together an information package tailored specifically to your business. They can connect you with additional resources in your community, like your local library and small business enterprise centre, the community futures development corporation, the chamber of commerce, or the board of trade. The packages are completed within five business days and sent to you through e-mail, fax or regular mail.

Source: Business Planning, videos. Canada Business Ontario. http://www.cbo-eco.ca/en/videos.cfm?v=business_planning&play=0.

E. Match the words with their meanings.

- | | |
|---------------------------------|---|
| 1. _____ resource | a. the process of obtaining funds for an investment |
| 2. _____ taxation | b. efficiently and effectively organized |
| 3. _____ employment regulations | c. a short meeting with presentations on and discussion of a specialized topic, usually at a professional level |
| 4. _____ e-commerce | d. a gateway for a website that works as a major starting point for users |
| 5. _____ financing | e. a supply of something that can be used for a purpose |
| 6. _____ seminar | f. rules about workplace safety, pay equity, working conditions, etc. |
| 7. _____ streamlined | g. the condition of being taxed |
| 8. _____ portal | h. business transactions conducted over the Internet |

F. Read the text.

Business immigrants looking to start a business in Ontario have a number of ways to find information. A good place to start is the ServiceOntario Starting a Business website. Here, you will find a guide to starting a small business and links to resources available to small business.

The Canada–Ontario Business Service Centre (COBSC) is another excellent source of information on starting and developing your business. From this site, you can access helpful information on a wide range of business topics. These topics include business planning tips, taxation, employment regulations, importing/exporting, e-commerce, financing, etc. COBSC also has a Contact Centre. At this centre, knowledgeable staff can answer questions and direct you to relevant resources.

Small Business Enterprise Centres are located in communities across Ontario. They provide in-person business consultation services. There are many services available through each Enterprise Centre. They include access to a wide range of resource material, Internet and computer access for conducting business research, workshops and seminars, and referrals to business professionals.

Ontario offers streamlined online business registration and access to services for business through the ServiceOntario initiative. You can find further information available through the ServiceOntario site or from a local Enterprise Centre.

Finally, here are two federal government sites to review: Canada Business, a good portal with links to business information across Canada, and the Canada Revenue Agency's information for New Businesses.

Source: Business Resources: Business Start-Up Resources.

Retrieved from: http://www.sse.gov.on.ca/medt/investinontario/en/Pages/bi_resources_business_startup.aspx.

G. Unscramble the following questions. Then, answer them using the information from the text.

1. a to a find small will where business you guide starting?

2. Business the which Centre does offer Service topics Canada–Ontario?

3. can your and to at who the questions you resources answer Centre relevant COBSC Contact direct?

3. Centres what Small provide Enterprise do Business?

4. offer the initiative ServiceOntario does what?

5. portal site links across to a with good offers government Canada which information federal business?

H. ①Select one of the online resources for small business entrepreneurs presented in the text. Read the menus and listing presenting the content to find out what type of information is available. Present your findings to the class.

Housing



The activities in this section explore the topic of buying a home and its financial implications. The activities present background information and practical tools about costs of buying and owning a home, as well as mortgages. The activities provide opportunities to analyse and discuss planning for home ownership with focus on financing the purchase of a home.

The *Housing* section includes three sets of activities:

Renting vs. Buying a Home

Costs of Owning a Home

Mortgages

You can select activities to teach based on the needs and interest of learners in your class. The activities can be used individually and do not need to be used in the sequence in which they are presented. You may also add your own activities where appropriate. Suggestions and ideas for extending or complementing the specific activities are included in the teaching notes.

Learning Outcomes

The sample learning outcomes below can help you plan a lesson or a series of lessons about financial aspects of housing — renting and owning a home. The outcomes are intended to guide you in defining areas of content and contexts for the language instruction. The financial literacy outcomes can help you determine the aspects of financial literacy to include in your instruction in order to facilitate learners' knowledge, understanding and competence. The language outcomes can guide you in selecting/designing language activities at CLB 6-8 that support financial literacy.

The activities included in this section are intended to support the outcomes below.

Sample Financial Literacy Outcomes	Sample Language and Numeracy Outcomes
<p>Understanding and knowledge</p> <ul style="list-style-type: none"> • Understand the process and concepts related to financing and buying a home • Understand how financing a purchase of a home works: affordability criteria, mortgages and government programs (HBP) • Compare mortgage variables such as down payment, mortgage, amortization, and interest rate in order to select a mortgage for own situation • Understand types of mortgages, their features and the relationship with interest rates <p>Application</p> <ul style="list-style-type: none"> • Use online and print tools to determine costs of owning a home • Identify possible factors that will be used to determine if one can afford to buy a home • Access and navigate online calculators • Use an online mortgage calculator to compare various factors in mortgage payments 	<ul style="list-style-type: none"> • Demonstrate comprehension of online or print tools with financial information (e.g., net worth tool, budgeting tool, mortgage interest rate and amortization tables) • Conduct online research and give a short oral presentation about housing costs in a selected community • Participate in a small group/class discussion about factors involved in a decision to rent or to buy a home • Identify factual details and implied meanings in a web-based text about mortgages • Take notes from a talk about costs involved in purchasing and owning a home • Participate in a small group/class discussion about home ownership decisions • Locate information about costs of owning a home or various types of mortgages on the Internet

When planning a lesson or a series of lessons, you can use the listed outcomes as they are or develop your own based on the needs and interests of the learners in your class. For ideas and strategies for conducting needs assessment see the *Instructor Guide*.

Background Information and Key Language Elements

You can use the background information about housing to familiarize yourself with the key concepts and terms which are presented in learner activities in this section. For sources of more information on the topic of housing or related classroom resources, please see the *Useful Websites* section.

The side bar below lists major language elements that you may want to introduce or review to support the thematic content of the activities.

Buying a Home

Buying a home is the largest investment that most people make in their lives. It is a complex topic with challenging jargon and financial concepts. Understanding the key terms and the process of purchasing a home in Canada involves many core financial literacy skills, such as budgeting, saving, determining what is affordable, comparing options and decision-making.

Before looking at homes, potential buyers need to know the typical or average costs associated with home ownership. These costs can include not only the purchase price of the home, usually paid through a combination of down payment and mortgage, but also other costs such as home inspection, legal fees, land transfer tax, title insurance or title search fees, home insurance, and mortgage insurance for high-ratio mortgages. These costs amount to an average of 2% of the purchase price. After purchase, there are ongoing costs including mortgage payments, property taxes, utilities, maintenance and repairs.

Down Payment

Considering housing prices in Canada today, a down payment for a home is a huge investment. A down payment of 20% of the purchase price of the home is required for a conventional mortgage. A conventional mortgage does not require the borrower to purchase mortgage insurance. The minimum down payment allowable is 5% of the purchase price. A mortgage for a purchase made with less than a 20% down payment is called a high-ratio mortgage. Borrowers must purchase mortgage insurance, which adds to the overall cost of the mortgage.

A federal program, the *Home-Buyers' Plan (HBP)*, allows tax-free withdrawals from RRSPs of up to \$25,000 per person for use towards the purchase of a first home. Repayment to the RRSP may be made over 15 years, with no tax penalty. Taking advantage of the *HBP* helps first-time buyers to increase the amount of their down payment, and thus reduces the amount of their mortgage.

Mortgages

A mortgage is a loan from a financial institution for the purchase of a home. A basic understanding of the relationship between the length of a mortgage (amortization period), interest rates and the frequency of payments is necessary when making mortgage decisions.

When assessing whether or not a potential borrower can afford to purchase a home, lenders often use two rules. The first rule is that monthly housing costs should not be more than 32% of gross monthly income. Housing costs include monthly mortgage payments, property taxes and heating expenses. If the property is a condo, 50% of the monthly maintenance fee is included. The second rule is that monthly debt load should not be more than 40% of gross monthly income. This includes housing costs, and other debts such as car payments, personal loans, and credit card payments.

Key vocabulary and collocations

affordability
ownership
mortgage:
open/closed/high-ratio/conventional
lender/mortgage broker
interest
interest rate:
variable/fixed
principal
amortization
mortgage term
down payment
payment schedule:
accelerated
monthly/weekly/bi-weekly/semi-monthly
debt load
gross income
credit score
assets and liabilities
property tax
to pay off/to pay back
to negotiate
to invest
to get pre-approved

Abbreviations

HBP
RRSP

Possible grammar structures

conditional
sentences to describe consequences for different mortgage options
conjunctions to express cause/effect relationship between mortgage variables

Teaching Notes | Renting vs Buying a Home

Objective(s) and CLB level

The objective of this series of activities is to explore various aspects of renting and owning a home, with focus on financial factors. The activities provide practice in listening and are appropriate for learners at CLB 6-8.

Targeted financial literacy outcomes

The activities in this section and the activity ideas in the teaching notes will help learners achieve the following financial literacy outcomes:

- Identify possible factors that will be used to determine if one can afford to buy a home
- Identify and compare advantages and disadvantages of renting vs. owning a home

Corresponding CLB competencies

- 👂 CLB 6–8: Understand the gist and some details in moderately complex communication intended to influence or persuade (CLB 6); understand moderately complex communication intended to influence or persuade (CLB 7, 8) in everyday personally relevant situations.
- 🗣️ CLB 6: Describe and compare people, places, etc.; describe a simple process.
- 🗣️ CLB 7: Describe, compare ... two events, procedures ...
- 🗣️ CLB 6/7: Participate in a small group discussion on non-personal familiar topics and issues: express opinions ... reservations, approval and disapproval (CLB 7).
- 📖 CLB 6–8: Access, locate and integrate information from online reference sources.

Procedures

A. This is a warm-up activity that introduces the topic of home ownership. If you are in a computer lab, learners could access the blog entry online and read the web page. Have learners discuss the questions in pairs or small groups and then take up as a class. Learners can write their response to the blog entry and post it on a class wiki or print them off and share in small groups or pairs.

B, C and D. This activity helps learners identify various factors that are often taken into account when making a decision about renting vs. owning a home. Learners can complete the table in pairs or small groups. To compare various factors listed in similar categories, they can go to: [getsmarteraboutmoney.ca](http://www.getsmarteraboutmoney.ca) > Managing your money > Investing > Real estate > Renting vs buying.

E. This listening activity presents a scenario with three housing options. Learners can listen to the story and discuss the information included in the table. They can also read the story online at: <http://www.getsmarteraboutmoney.ca/en/managing-your-money/planning/budgeting/Pages/stay-at-home-rent-or-buy-Kits-story.aspx>

Renting vs Buying a Home

Transcript:

Sophie has always lived at home with her parents in Hamilton, Ontario. But now, for the first time, she is thinking about moving out on her own. At the age of 25, she has finished school and been working full-time for three years. Her pay adds up to \$3,000 each month, and she has already saved almost \$15,000. The question is: should she stay, rent, or buy? Which is the best choice financially? Here's how she assesses her options.

Option 1: Staying at home

If Sophie stays at home, her parents have asked her to pay \$500 rent. This is the lowest cost option, of course. She plans to invest the money she saves and buy a home one day.

Option 2: Renting a townhouse

Sophie looks at a townhouse available for rent not far from where she works. She will pay her own utilities and maintenance. The rent will cost \$850 per month, and utilities on average will cost another \$150.

Option 3: Buying a townhouse

Sophie looks at a similar condo townhouse for sale in the same area. The asking price is \$142,000, and if she makes a 20 per cent down payment, her mortgage will cost \$660 a month. She will also have the same utility costs to pay as in option 2, plus extra costs: property taxes, a condo fee and maintenance, for example.

Now, consider this:

If Sophie stays at home or rents, she will pay less each month than if she buys. She could save and invest the difference each month.

If Sophie buys, she will face some initial costs equal to 5 per cent of the purchase price. She will face similar costs when she sells.

As she pays down her mortgage, Sophie will owe less to the bank and will own more of the value of her home. These gains will help offset her costs.

F. As a follow up, learners can research renting costs in their neighbourhood and compare to home prices advertised in the area.

G. This can be an extension to classroom learning, where learners can determine whether it is better for them to own or rent a home. When using the tool, learners will need to enter personal financial information so this task may not be appropriate for classroom discussion.

A. Read the blog entry below and answer the questions.

December 8, 2011

Why Renting Makes Sense

POSTED BY CAROLINE CAKEBREAD

Thinking of saying goodbye to your landlord and buying your own place? While you might dream of owning your own home one day, you need to make sure you're ready to handle the extra costs and responsibilities.

Take my husband and me, for example. In July, our ancient fridge decided it was going to take afternoons off – it literally stopped working in the middle of the afternoon and would start up again at night. It finally died altogether. Our new fridge is great, but it was one expense we hadn't planned for. As a homeowner, surprises like this are part of the game – there's always something to spend money on and it's usually pretty unexciting (a new roof, window cleaning, etc.).

When you rent, you don't have to worry about things like that. You aren't on the hook for repairs and home life can be pretty hassle free – no snow shoveling, garbage hauling or toilet fixing. Another big advantage to renting is that your costs are fixed. You know exactly how much you owe every month for rent and you don't have to shell out money in case the roof starts leaking or your oven breaks.

Renters are also portable – you can pick up and move without worrying about selling your property or renting it out. And of course, you need to have a hefty down payment to buy a place: without at least 5% of the purchase price, you'll have trouble getting a mortgage. Plus, you need to have money on hand for the legal fees that come with buying a place, as well as any moving costs, repairs or renovations that need to be done before you move in.



Source: <http://blog.getsmarteraboutmoney.ca/caroline-cakebread-why-renting-makes-sense> Copyright Investor Education Fund 2013

1. What reasons does the blogger give for renting as a better option than owning a home?
2. Which of the reasons listed do you find convincing? Why?
3. Write a short response to the blog entry above. Present your opinion and provide supporting arguments.

B. Complete the table to compare renting and buying. List comparison criteria and provide supporting details for each.

	Renting	Buying
Example:		
Flexibility to relocate:	<ul style="list-style-type: none"> • <i>can move almost any time</i> 	<ul style="list-style-type: none"> • <i>cannot move out quickly</i> • <i>may involve additional costs such as loss at sale</i>
Maintenance:		
Income potential:		
Ties to community:		
Benefits for self or family:		
Other:		

C. Using the information in the table, discuss the factors that are important to you. Rank them in the order of importance and explain your reasons.

D. List and discuss possible reasons why someone might want to own, rather than rent, a home. Explain how important home ownership is important to you.

E. 🎧 Listen to the story. Read the table and discuss each option presented. Use the guiding questions below.

PAYMENT (per month)	OPTION 1: STAYING AT HOME	OPTION 2: RENTING	OPTION 3: BUYING
rent/mortgage	\$500	\$850	\$660
Condo fee/ maintenance		\$150	\$180
Property taxes	-	-	\$235
Utilities	-	\$150	\$150
Insurance	-	\$30	\$100
Cash outlay per month	\$500	\$1,180	\$1,325
Potential savings (if not buying)	\$825 saved	\$145 saved	-

Source : <http://www.getsmarteraboutmoney.ca/en/managing-your-money/planning/budgeting/Pages/stay-at-home-rent-or-buy-Kits-story.aspx> . Copyright Investor Education Fund 2013

1. What is the main advantage of option 1, besides the low cash outlay per month?
2. What, if any, advantage does option 2 offer?
2. What, if any, advantage does option 3 offer?
3. Which of the three options do you think Sophie should choose? Explain.
4. What would you do if you were in the same situation?

F. 📖 Search the Internet and print advertising to find out about costs of renting in your city/town. Compare various rental options and make a list of factors that determine their costs (e.g., proximity to public transportation, size, etc.).

G. 📖 Access the *Rent or Buy Calculator* on the *Get Smarter About Money* website. Use different information and calculate when it's better to rent or to buy. Compare your results in pairs or groups. (getsmarteraboutmoney.ca)

Objective(s) and CLB level

The objective of this series of activities is to familiarize learners with some of the costs involved in a purchase of a home. The activities provide practice in creating/using a budgeting tool, and researching online information on real estate property prices across Canada. The activities are appropriate for learners at CLB 6 and higher.

Targeted financial literacy outcomes

The activities in this section and the activity ideas in the teaching notes will help learners achieve the following financial literacy outcomes:

- Understand what costs are involved in home ownership
- Use online and print tools to determine costs of owning a home

Corresponding CLB competencies

- 🔗 CLB 6–8: Understand the gist and some details in moderately complex communication intended to influence or persuade (CLB 6); understand moderately complex communication intended to influence or persuade (CLB 7, 8) in everyday personally relevant situations.
- 🗣️ CLB 6: Describe and compare people, places, etc.; describe a simple process.
- 🗣️ CLB 7: Describe, compare ... two events, procedures ...
- 🗣️ CLB 6/7: Participate in a small group discussion on non-personal familiar topics and issues: express opinions ... reservations, approval and disapproval (CLB 7).
- 📖 CLB 6–8: Access, locate and integrate information from online reference sources.
- 📖 CLB 6–8: Understand moderately complex descriptive or narrative text (CLB 6), moderately complex extended descriptions, reports and narrations on familiar topics (CLB 7, 8), moderately complex feature articles (CLB 8).

Procedures

A. This warm-up activity introduces learners to the topic of the lesson. Learners can work in pairs or small groups.

B and C. In this listening activity learners listen to a description of the budgeting tool and complete the table provided. For learners at CLB 6, you can divide the listening into manageable chunks, stopping after each section of the tool. Ask learners to discuss and provide estimated costs of each of the listed items; learners can also do this as an independent learning task and research the needed information online or through conversations with friends and family members.

Transcript

Buying a home is one of the most important decisions in many people's lives. Because it is such a large purchase, it is important that you know how much you can afford to spend before you start looking for a home. You will need to plan ahead for various expenses that relate to owning a home. Some of the costs involved in buying a home, such as closing costs, happen only once, while others, like mortgage payments or repairs, are ongoing expenses of owning and maintaining a home. You need to take all of them into consideration and list them in your household budget so that you can handle them over the long run. Real estate agents, lenders and mortgage brokers can help you establish how much money you will need to have, but you can figure it out using a tool that lists all the costs involved in the purchase and ownership of your future home and calculates the totals.

The first part of your tool is titled *One-time expenses*. You could divide these expenses into two sections: *Before moving in* and *Shortly after moving in*.

The largest item in your *Before moving in* section is going to most probably be your down payment. Then, you can list a series of smaller expenses that constitute closing costs. These are: legal fees you will need to pay to your

Costs of Owning a Home

lawyer, land transfer taxes, real estate fees (if you are buying a resale home), or deposits to a builder (if you're buying a new home). Before you make a final decision to purchase, you may want to hire a home inspector to check your prospective home thoroughly for any deficiencies or problems. This expense will also be part of your closing costs. When applying for a mortgage, you may be asked to cover some up-front mortgage costs, such as appraisal fees or default insurance premiums, which are typically not included in your mortgage payments.

These expenses are also part of your one-time expense list. And finally, an important expense to add is the cost of moving. Depending on your situation, you may need to hire a moving company or rent a storage space to keep your belongings until your home is available to you. There might also be other expenses that are individual, and you may list them under the *Other* heading. Now, the second section of expenses is going to be significantly shorter and it will include the costs you carry shortly after moving in. These would include items such as hookups: hydro, cable, internet or phone, basic furniture and equipment you may need to purchase, appliances, and last but not least, window coverings. And, again, you may feel that there will be other costs you may not be able to foresee at this moment, so just add *Other* expenses to this list as well.

Once you have the first part of your tool ready, you will need to take some time and complete the estimated amount column with the projected expenses. If you are unsure about how much a certain category of expenses is likely to cost, ask friends, family or a mortgage specialist for guidelines on costs in your area. You can total the one-time expenses and subtract the amount you have already saved. Then, divide that result by the number of months you have to save the remaining money. For example, if you're buying a home in eight months, divide the result by eight to figure out approximately how much you need to save each month to cover these expenses. You will need to include this amount in your monthly budget for the number of months you identified.

Now, the second part of our tool is titled *Ongoing expenses*. Divide these expenses into two sections: *Regular payments* and *Occasional expenses*. Your regular payments will most probably include mortgage payments, home and property insurance, property taxes, and utilities; here list hydro, telephone, cable or satellite, internet, and so on. If you are buying a condominium, also include condominium fees. Another item that you may want to add is repairs and maintenance, for example roof repairs, plumbing or painting. What you want to do is budget annually one to three percent of the value of the home, and divide that number by 12. And don't forget to add *Other items* to the list.

The next section, *Occasional expenses*, can include landscaping services, additional furniture and others. You will need to divide these costs by 12 to get a monthly number. Once you do that, total the ongoing expenses and include this total in your monthly budget to help you plan ahead. Hopefully, this tool can help you better prepare for your future purchase and ownership of a home.

D. This is a vocabulary practice activity where some basic concepts involved in buying a home are presented through the text. For learners at higher CLB levels, you can use the text without the words to choose from, and then provide the words if needed.

E, F and G. These short activities provide background for the research activity that follows. Learners can use online and print resources to gather the information they need (e.g., real estate brochures and advertisements, settlement, org maps with property prices, and other).

H. This is an online research activity involving searching for information, gathering and comparing the data and presenting it to the class. Learners can work in small groups or pairs. As a follow up, learners can write a short report/blog entry to summarize their own and their classmates' findings and to express which findings they found surprising.

Beyond the classroom: Using the Canada Mortgage and Housing Corporation (CMHC) website, learners can access online interactive and downloadable tools for a household budget and a homeowner's budget. They can compare the tools and note/discuss the differences. Learners could also complete the tool of their choice.

A. In pairs, discuss answers to the questions below.

1. In the country you come from, is it common to own or rent a home? Explain.
2. How does the cost of owning or renting in the country you come from compare to this cost in Canada?
3. What costs can be involved in home ownership? Make a list.

B. 🎧 Listen to the talk about costs involved in buying and maintaining a home. Complete the provided budgeting tool with the missing information you hear. Compare your answers with a classmate.

ONE-TIME EXPENSES	POSSIBLE AMOUNTS
Before moving in:	
Shortly after moving in:	
ONGOING EXPENSES	POSSIBLE AMOUNTS
Regular expenses:	
Incidental expenses:	

C. Estimate the possible costs included in the tool above. Use the Internet to research information you are not familiar with. Total the costs and present your findings to the class.

D. Complete the article using the words below.

add up	multiply	legal fees	down payment	gross
afford	worth	moving costs	home inspection	save
suburbs	earn	land transfer tax	home improvements	income

How Much Does It Cost To Buy Your First Home?

Almost everyone dreams about owning their own home. Are you one of these people? Maybe you dream of owning a condo downtown near all the action. Maybe you dream of owning a larger home far from the downtown core in the _____. Dreams are great, but first you need to find out if you are financially ready to own a home.

The first thing you need to know is if you _____ enough money to purchase and maintain a home. A quick way to figure out how much you can afford to pay is to _____ your _____ annual _____ by 2.5. So, if you make \$60,000 a year, then you can afford a home _____ \$150,000. Don't forget that if you have debts and owe money, this will lower the home price you can _____.

You also need to have enough savings. You will need to borrow less from the bank if you make a big _____. With a smaller one, you have to borrow more. It can cost a lot to borrow money from the bank because of the interest charged on the loan. Be on the safe side and wait until you have saved a down payment big enough to pay 20% of the _____ before buying a home.

There are many other costs involved when you purchase a home. For example, you have to hire a lawyer to do all the paperwork for you, so there will be _____.

You will also need to pay for a _____ to make sure the home is in good condition. The government charges a _____ when you buy a property. And don't forget painting and repairs. These _____ are expensive if you hire professionals. And what about your furniture? Can you move it by yourself? You'll probably have to include _____ in your total. Have you thought about the cost of home insurance as well? All of these expenses _____ to a lot of money.

So, the message is, if you want to purchase a home, start to _____ your _____ now.

E. Look at the graph below and answer the questions.



Source: Canadian Real Estate Association Sept. 2011

1. What factors do you think account for the differences in average prices across the provinces and territories?
2. What is the national average based on the statistics given?
3. How do these average home prices compare to home prices in your neighbourhood?
In the town/city you live in?
4. How much does it cost to own a home in the country you come from?

F. Make a list of factors that you think determine the price of a home. Discuss which factors you consider most/least important when purchasing a home.

- | | |
|------------------|---------|
| • lot size | • _____ |
| • square footage | • _____ |
| • _____ | • _____ |
| • _____ | • _____ |
| • _____ | • _____ |



G. Discuss the prices of these types of homes in your neighbourhood.

- detached houses
- bungalows
- condos
- semi-detached houses
- townhouses
- other

H. ⓘ Using the Multiple Listing Service (MLS) website, conduct property searches to compare costs of:

1. a property in your neighbourhood and one in another neighbourhood in your city
2. a downtown property and a property in the suburbs
3. an urban property and a rural property
4. a Canadian property and an international property

To conduct your search, follow these steps:

- Choose the location of the home you want to search (city/town or neighbourhood).
- Determine the type of property you want (residential or condo).
- Determine the price range and features of the home you want to search for.
- Choose the number of bedrooms and bathrooms.
- Refine your search to determine building type, style etc.
- Choose a property and click '*add to compare*'.
- Repeat this for different property/properties.
- Choose '*compare*' on the menu bar to see your properties.
- Analyze and summarize your search results.
- Present your findings to the class.

Objective(s) and CLB level

The objective of this series of activities is to familiarize learners with the terminology, concepts, and strategies related to selecting a mortgage, and the relationships between different mortgage variables. The activities provide opportunities to use online and print tools and to practise speaking in discussions on various payment scenarios. The activities are generally appropriate for learners at CLB 6 and higher.

Targeted financial literacy outcomes

The activities in this section and the activity ideas in the teaching notes will help learners achieve the following financial literacy outcomes:

- Understand how financing a purchase of a home works, including the steps and elements involved (e.g., affordability criteria, mortgages, and government programs)
- Understand types of mortgages and their features
- Compare mortgage variables, such as down payment, amortization period, term and interest rate, in order to choose the most suitable mortgage
- Access and use online mortgage calculators and other tools to compare mortgage options

Corresponding CLB competencies

- 🔊 CLB 6: Describe and compare people, places, etc.; describe a simple process.
- 🔊 CLB 7: Describe, compare ... two events, procedures ...
- 🔊 CLB 6/7: Participate in a small group discussion on non-personal familiar topics and issues: express opinions ... reservations, approval and disapproval (CLB 7).
- 📖 CLB 6–8: Access, locate and integrate information from online reference sources.

Procedures

A. This is a warm-up activity that introduces learners to the process of financing a home. Ask learners to discuss and present what each of the steps would involve and how it is different from the process in the country they come from. Answers: Answers may vary – discuss various options.

B. Answers:

1. E 2. J 3. K 4. F 5. D 6. A 7. H 8. L 9. B 10. C 11. I 12. G

D and E. These two worksheets introduce the concept of net worth. Elicit/explain the meaning and elicit examples of things that can contribute to someone's net worth. Have learners go over the list in Part D and explain the meanings if needed. In part E, learners discuss the four profiles and, as a follow up, they can write another profile to demonstrate their understanding of the new concepts.

F. This text provides a quick overview of what applying for and getting a mortgage involves. It provides background for the series of activities that follow.

G. The purpose of this activity is to enhance the understanding of the relationships between different mortgage variables. In this activity, the learners' task is to read a short text about the assigned mortgage variables and present the most important details to the rest of the group. This activity can also be done as a jigsaw, with different learners working together and regrouping.

H and I. Learners will demonstrate their understanding of the new concepts by completing these sentences. Discuss the relationships between various sets of mortgage variables before the writing task. Learners can use online mortgage calculators to support their statements with factual numerical data.

J. This is a small group discussion activity; learners can analyze each profile and then present and discuss their recommendations with the rest of the class.

Mortgages

K, L, and M. In this series of activities, learners practise using online mortgage calculators. You can refer learners to the Canada Mortgage and Housing Corporation website and the calculator available there. Learners can also find other calculators offered on websites of many Canadian financial institutions.

N and O. These are two different activities that can be used as a revision of this section. The questions used in both activities are the same; use the one that is appropriate for the learners in your class.

Beyond the classroom: Learners can practise calculating various mortgage variables and options suitable for own financial situation.

A. Read the steps included in the process of buying a home in Canada and put them in the correct order. Discuss what each step could involve and what other steps you could add to the list.

- ___ Repaying the mortgage
- ___ Choosing a lender and applying for a mortgage
- ___ Choosing and working with a real estate agent
- ___ Learning about the local housing market
- ___ Saving enough money for a down payment and other costs associated with buying a home

B. Match the words with their definitions.

- | | |
|----------------------------|--|
| 1. Home Buyers' Plan | a. the fee charged for borrowing money |
| 2. mortgage term | b. the percentage charged on the amount borrowed |
| 3. net worth | c. part of the purchase price of a home paid before the mortgage is taken |
| 4. mortgage | d. the amount borrowed |
| 5. principal | e. a government program allowing to withdraw funds from an RRSP towards the purchase of a first home |
| 6. interest | f. a loan from a financial institution to buy a real estate property |
| 7. amortization period | g. a set amount paid regularly towards repayment of the mortgage |
| 8. pre-approved | h. the length of time it takes to pay back the mortgage loan in full |
| 9. interest rate | i. a guarantee from the bank for a mortgage loan; shows the amount of mortgage you qualify for before an offer on a home |
| 10. down payment | j. the length of time the mortgage agreement is for |
| 11. pre-qualified mortgage | k. gross income, assets and liabilities; these factors are considered by a lender before giving a loan |
| 12. mortgage payment | l. informally accepted for an estimated amount of a mortgage |

C. ① Search the Internet for current information on mortgage types and interest rates offered by financial institutions in your community. Present your findings to the class.

D. Read the table below, which can help determine a home buyer's net worth. Discuss each financial item in the table and decide on the correct category for it. Then, locate the net worth tool on the CMHC website and compare it to the table.

FINANCIAL ITEMS	INCOME	ASSET	LIABILITY
1. Alimony paid to a former spouse	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Bonus from your employer *	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Canada Savings Bond (CSB)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Savings in bank accounts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. The cash value of your life insurance policy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Child support payments you receive*	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Child tax credits	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Credit card balances	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Outstanding line of credit balance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Dividends on your investments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Employment earnings	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. GIC's (Guaranteed Investment Certificates)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. Profit-share from a business	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. Loans	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. Mutual funds	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16. Other mortgages	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17. Other real estate property you own	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18. Overtime pay *	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19. Pensions you receive	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20. Rental income	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21. RRSP's (Registered Retirement Savings Plans)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
22. Other benefit payments you receive	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
23. Stock options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
24. Vehicles you own	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
25. TFSA (Tax-free Savings Account)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

** Only applicable if these are consistent and reliable payments*

E. In pairs or small groups, read the profiles of home buyers below and decide which items are income, assets or liabilities. Discuss each home buyer's net worth.

HECTOR SANCHEZ

- \$45,000/yr (+ potential sales-based bonus)
- Insurance policy with \$58,000 cash value
- Truck worth \$15,000
- GIC worth \$5,000
- Credit card debt of \$8,500

LY DANG

- \$18,000/year (part-time, home-based business)
- \$100/month in child tax credits
- Car worth \$2,000
- Car loan (\$1,500 left to pay)
- Basement rental income = \$650/month

LILY WONG

- \$55,000/year (+ weekend overtime pay)
- \$10,000 in mutual funds
- Student loan (\$7,800 remaining)
- Line of credit for \$8,000 from bank
- Inherited a cottage assessed at \$109,000

IGOR ASIMOV

- \$850/month pension
- Camper worth \$37,500
- Dividends of \$400/month on average
- \$24,000 in the bank
- \$300/month to ex-wife

F. Read the text about mortgages.

GETTING A MORTGAGE

If you decide to get a mortgage, it is important to shop around and see what mortgage products and features different mortgage providers are offering. The more mortgages you compare, the greater your chance of getting one that best suits your needs.

To make the most of comparison shopping, you need to know what options are most important to you and have questions prepared to clarify what different options are available. You may wish to ask potential mortgage providers, brokers or agents the following questions:

- What type of mortgage is best for my needs? In particular:
 - a fixed, variable or adjustable rate mortgage
 - an open, closed or convertible mortgage
- What mortgage features and options are best for my needs? For example:
 - a short or long mortgage term
 - a short or long amortization period
 - frequent or less frequent mortgage payments (e.g., monthly versus biweekly payments)
 - the ability to make prepayments or lump sum payments (e.g., to pay an extra \$200 each month or an extra \$2000 per year)
 - the option to transfer my mortgage to another home if I sell my home
- How will different factors (e.g., frequency of payments, amortization, etc.) influence the total cost of my mortgage?
- What are my options if I cannot make a payment? For example, can I skip one payment per year or apply any prepayments I have made to a current payment that is due?
- What penalty charges may apply if I want to break my mortgage contract or renegotiate a new one? How are they calculated?
- Will I have to pay an additional fee if a payment is late?
- How can I change the size of my mortgage payments?
- What fees are involved in setting up, discharging or renewing my mortgage? How are they calculated?
- How can I save on interest charges?

When you apply for a mortgage, you and/or your spouse or partner will need to provide your mortgage provider, broker or agent with personal information about your finances. It is a good idea to have the following documentation ready:

- confirmation of your income and/or employment earnings
- a mortgage preapproval certificate, if one was issued
- contact information for your lawyer or notary
- your current banking information
- a copy of the agreement of purchase and sale
- evidence of your down payment, including its source
- estimates of your monthly housing costs (e.g., property taxes, utilities, etc.)
- a list of your assets and liabilities
- the full address of the property
- a copy of the real estate listing, if applicable
- contract and building plans, if applicable

Source: *Mortgage Checklist*, © Queen's Printer for Ontario, 2009.
Retrieved from: <http://www.fscsco.gov.on.ca/en/mortgage/brochures/Documents/mortchcklst.pdf>

G. In groups of three, read the information and present a summary of the most important points to your classmates.

TYPES OF MORTGAGES

Conventional mortgage: A conventional mortgage does not exceed 80% of the market value of the property. This means that the borrower must have 20% or more available for the down payment. Unlike high-ratio mortgages, conventional mortgages are not required by law to carry mortgage default insurance.

High ratio mortgage: A mortgage for more than 80% of the purchase price of the home. For a high ratio mortgage, mortgage default insurance is required.

Open mortgage: An open mortgage allows you the freedom to pay off your mortgage in part or in full at any time without any penalties. You may also choose, at any time, to renegotiate the mortgage. This option provides more flexibility but comes with a higher interest rate.

Closed mortgage: Closed mortgages have a set term and fixed conditions. With a closed mortgage, you may be able to make some prepayments each year without penalty, and, for agreeing to keep the mortgage for the full term, you may get a more favourable interest rate.



INTEREST RATES

Fixed interest rate: A fixed rate will not change for the term of the mortgage. This interest rate type carries a slightly higher interest rate but offers the peace of mind associated with knowing that interest costs will remain the same.

Variable interest rate: With a variable rate, the interest rate you pay will fluctuate with the rate of the market. Usually, this will not change the overall amount of your mortgage payment, but it will change the portion of your monthly payment that goes towards interest costs vs. your principal. If interest rates go down, you end up repaying your mortgage faster. If they go up, more of the payment will go towards the interest and less towards repaying the principle. This option means you may have to be prepared to accept some risk.



AMORTIZATION PERIOD, TERM AND PAYMENT FREQUENCY

Amortization period: This term refers to the length of time you choose to pay off your mortgage. Mortgages normally come in 25 or 30-year amortization periods, but they can also be as short as 15 years. Usually, the longer the amortization period is, the smaller the monthly payments are. However, the longer you make the payments, the higher the interest costs are. Total interest costs can be reduced by making additional payments, usually in lump sums.

Term: The period of time your mortgage agreement will be in effect. At the end of the term, you can pay off the mortgage in full, renew it, or possibly renegotiate your mortgage agreement (for example, decrease your amortization period). Terms are generally for six months to 10 years.

Payment frequency: You have the option of repaying your mortgage every month, twice a month, every two weeks or every week. You can also choose to accelerate your payments. This usually means one extra monthly payment per year. A typical monthly mortgage consists of equal monthly payments of both principal and interest. After each payment, the principal owing is reduced, and therefore each interest payment becomes lower. Over time more and more of the payment is applied to the principal, until the mortgage is completely repaid.

H. Complete the statements about the relationship between the down payment and other mortgage variables.

1. If you want to buy a home, _____.
2. If you make a larger down payment, _____.
3. If you have an RRSP and you're buying your first home, _____.
4. If you choose a variable interest rate, _____.
5. If you have a high-ratio mortgage, _____.
6. If your mortgage term comes to an end, _____.
7. If you choose to make accelerated mortgage payments, _____.
8. If you opt for an open mortgage, _____.
9. If you have a closed mortgage, _____.
10. If you want to pay off your mortgage faster, _____.

I. Read the sentences below and circle the correct words.

1. If you borrow less, your principal will be smaller/larger.
2. If your amortization period is longer, you will pay more/less interest over time.
3. If you get a pre-approved mortgage, you will know how much you are able to afford for a home before/after you start searching.
4. If you are a first-time home-buyer and you have an RRSP, you are allowed to withdraw up to/over \$25,000 tax-free to put towards the purchase of your home.
5. If you have a fixed rate mortgage, the interest rate will most likely be slightly lower/higher than a variable rate, but it will not fluctuate.
6. If you have a variable rate mortgage, the interest rate will most likely be lower/higher than an interest rate on a fixed rate mortgage.
7. If you have a variable rate mortgage and the interest rates go up, your monthly mortgage payments will not change, but the portion that goes towards the principal/interest will increase.
8. If you have a variable rate mortgage and the interest rates go down, your monthly mortgage payments will not change, but the portion that goes towards the principal/interest will increase.

J. Read the following profiles about people who are ready to apply for a mortgage. Work in small groups to list the factors that need to be weighed in the decision-making process and choose the type of mortgage that would be most appropriate for each.

PROFILE 1

- a couple with two young children and another on the way
- high monthly expenses for childcare
- want to save money for their children's education
- think parents will be able to help them out financially

Factors to consider:

Suggested types of mortgage:

PROFILE 2

- a recent newcomer couple
- have new, well-paid jobs
- have cash savings because they sold their home before coming to Canada
- no relatives to rely on here

Factors to consider:

Suggested types of mortgage:

K. Read the amortization table below and make statements about the factors affecting mortgage payments and interest payments.

Mortgage amount: \$235,000

Interest Rate: 5%

amortization period	30 years	25 years	20 years	15 years	10 years
monthly payments	\$1,254	\$1,367	\$1,544	\$1,852	\$2,487
total interest	\$216,440	\$175,100	\$135,560	\$98,360	\$63,440

Example: *If you pay more in monthly payments, you will pay off your mortgage faster.*

L. Read the table presenting results of various mortgage payment options for a mortgage of \$235,000 amortized over 25 years at 5%. Make statements about how the payment frequency options affect the payment amounts, the amortization period and savings. Compare and discuss which payment schedule allows you to pay off your mortgage fastest and with the most savings.

payment frequency	payment amount	amortization period	term interest cost	amortization interest cost	amortization interest savings
Monthly	\$1,366.78	25.0 yrs	\$54,998.88	\$175,029.10	\$0.00
Semi-monthly	\$683.39	25.0 yrs	\$54,903.27	\$174,197.53	\$834.49
Bi-weekly	\$630.82	24.9 yrs	\$54,682.41	\$172,779.61	\$2,252.41
Weekly	\$315.41	24.8 yrs	\$54,638.43	\$172,401.29	\$2,630.72
Accelerated Bi-weekly	\$683.39	21.4 yrs	\$53,775.43	\$145,607.41	\$29,424.61
Accelerated Weekly	\$341.70	21.4 yrs	\$53,727.61	\$145,283.78	\$29,748.24

Example: *The more frequent the mortgage payments are, the shorter the amortization period is.*

M. Use a mortgage calculator to calculate various mortgage payments options for the scenarios below. Complete the tables with the results and make statements about advantages and disadvantages of each option.

Thomas and Gina are buying a house. They have been pre-approved for a mortgage for \$140,000 with an interest rate at 3.5 percent.

Scenario 1: various frequencies of payments

Amortization period	Frequency of payments	Payment amount	Total interest paid
25 years			
25 years			
25 years			

Frequency of payments	Advantages	Disadvantages
Example: <i>monthly</i>	<i>Payments not too high; allow for unforeseen expenses</i>	<i>Will pay a lot more in interest</i>

Scenario 2: various amortization periods

Amortization period	Frequency of payments	Payment amount	Total interest paid
	by-weekly		
	by-weekly		
	by-weekly		

Amortization period	Advantages	Disadvantages

N. Read the statements and write T for true or F for false.

How much do you know about mortgages? Test your knowledge ...

1. A mortgage is a loan for a real estate property from a financial institution. _____
2. Before you can get a mortgage, a lender will check your net income, your assets and your liabilities. _____
3. You need a minimum down payment of 20% of the price of a home and enough monthly income to buy a home in Canada. _____
4. If your down payment is 20% or more, your mortgage needs to be insured by law. _____
5. You can use savings from your RESP and RRSP towards the purchase of your first home. _____
6. A term means the number of years required to repay a mortgage in full. _____
7. In Canada, it is possible to pay off a mortgage over 35 years. _____
8. You can get a mortgage with a 15-year term. _____
9. Most homeowners require only one term to pay off their mortgage. _____
10. If a mortgage is amortized over 20 years and each mortgage term is five years, you will have to renegotiate your contract five times. _____
11. Your monthly mortgage payments pay back only the principal. _____
12. You will pay less interest if you make mortgage payments once a month rather than bi-weekly. _____
13. Interest rates on mortgages are always fixed. _____
14. It is possible to negotiate interest rates on your mortgage with the lender. _____
15. It is better to choose the longest amortization period possible because the monthly payments will be lower. _____

O. Mortgage Trivia Game



A mortgage is a loan for a real estate property from a financial institution.	Before you can get a mortgage, a lender will check your net income, your assets and your liabilities.	You need a minimum down payment of 20% of the price of a home and enough monthly income to buy a home in Canada.	If your down payment is 20% or more, your mortgage needs to be insured by law.
You can use savings from your RESP and RRSP towards the purchase of your first home.	A term means the number of years required to repay a mortgage in full.	In Canada, it is possible to pay off a mortgage over 40 years.	You can get a mortgage with a 15-year term.
Most homeowners require only one term to pay off their mortgage.	If a mortgage is amortized over 20 years and each mortgage term is five years, you will have to renegotiate your contract five times.	Your monthly mortgage payments pay back only the principal.	You will pay less interest if you make mortgage payments once a month rather than bi-weekly.
Interest rates on mortgages are always fixed.	It is possible to negotiate interest rates on your mortgage with the lender.	It is better to choose the longest amortization period possible because the monthly payments will be lower.	Good credit score can help homebuyers negotiate better interest rates.

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